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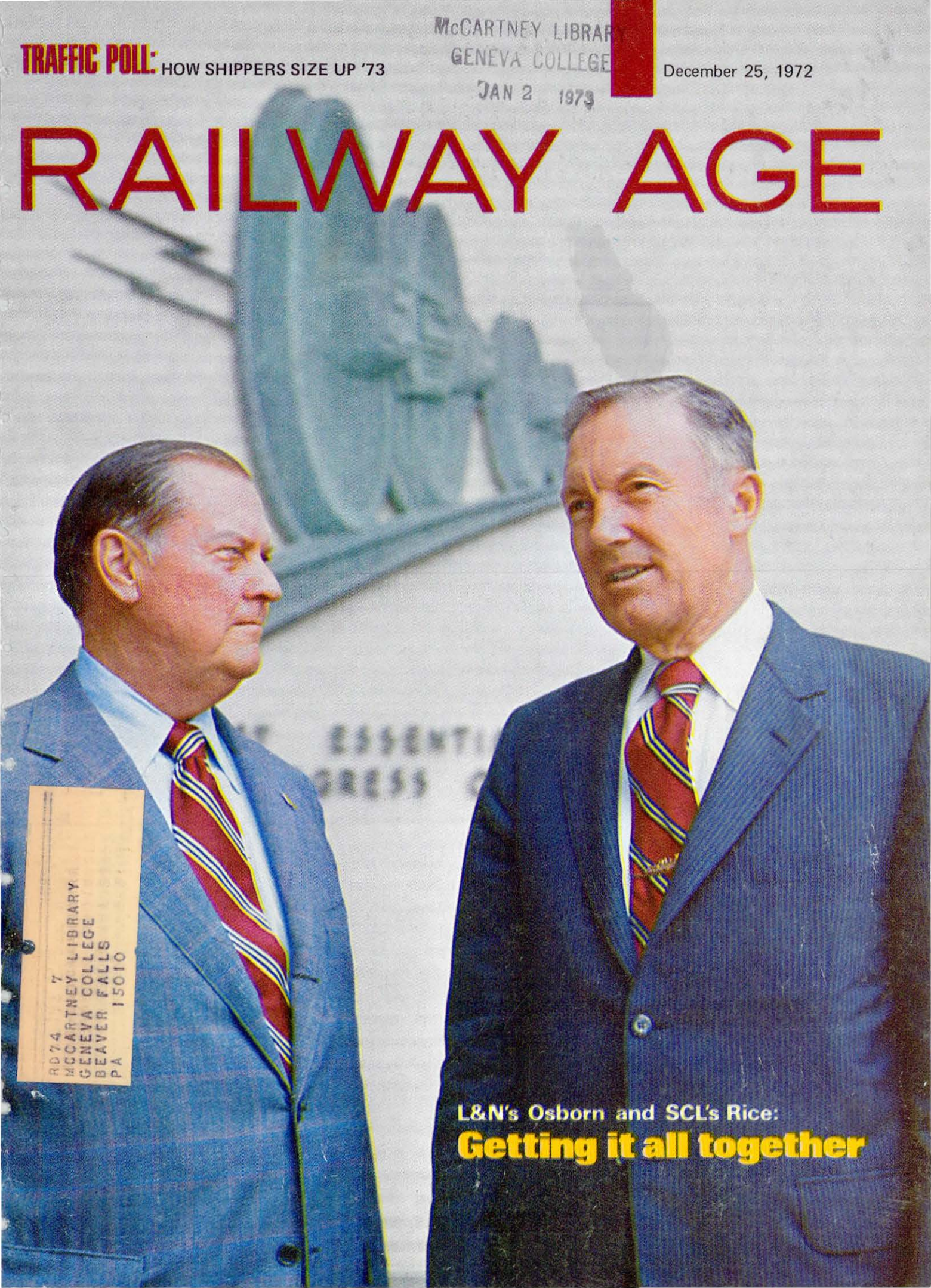
TRAFFIC POLL: HOW SHIPPERS SIZE UP '73

December 25, 1972

RAILWAY AGE



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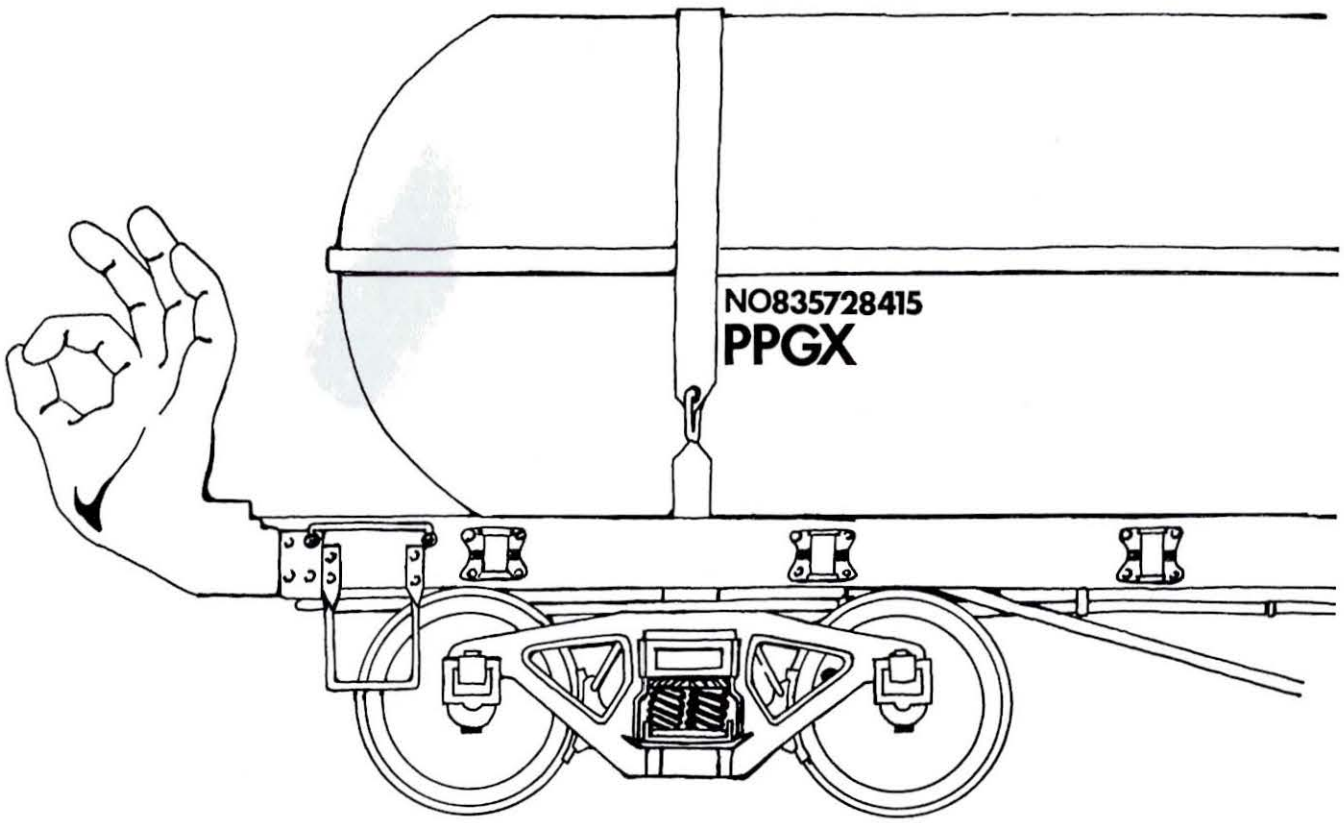
L&N's Osborn and SCL's Rice:

Getting it all together



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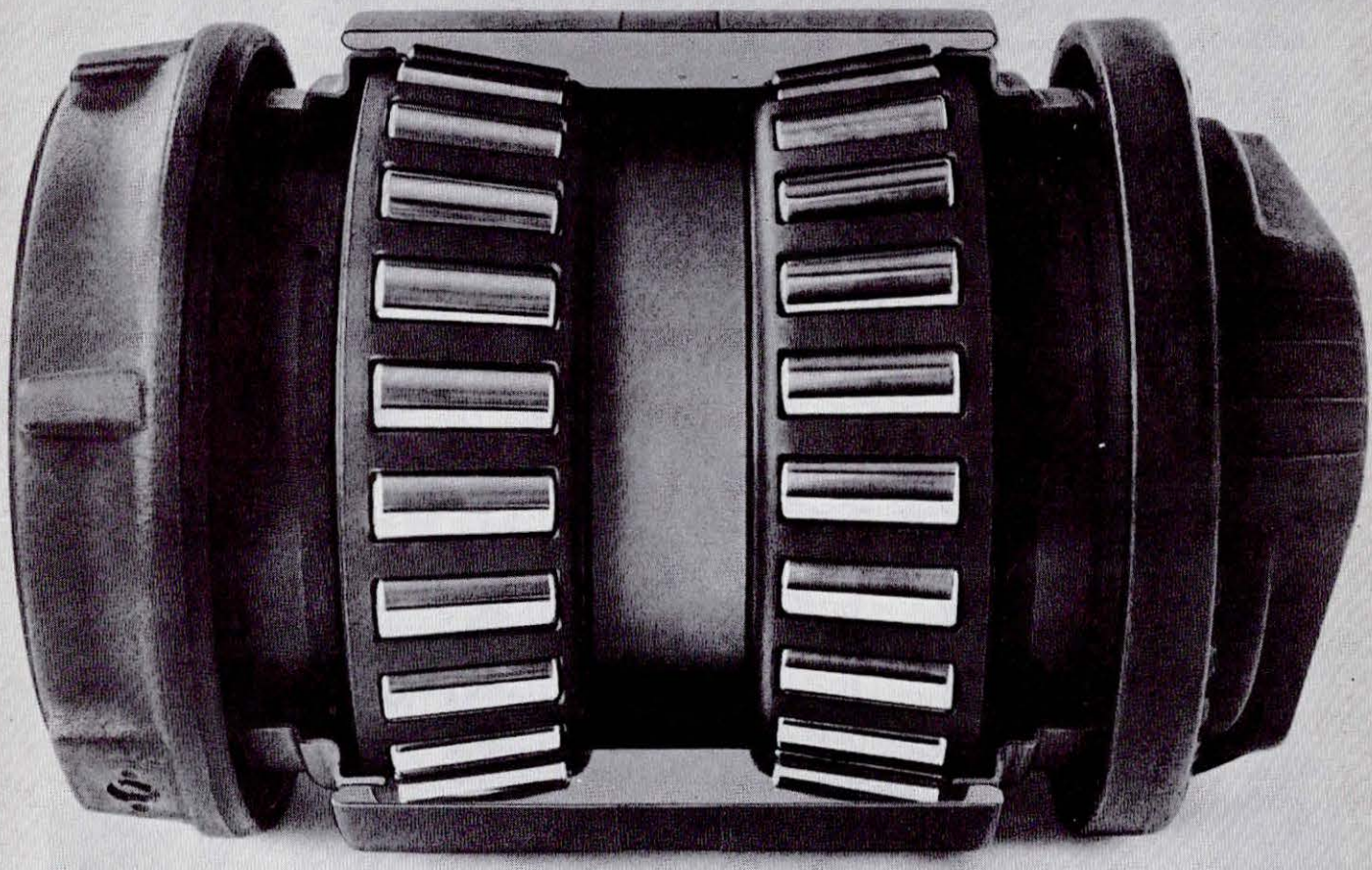

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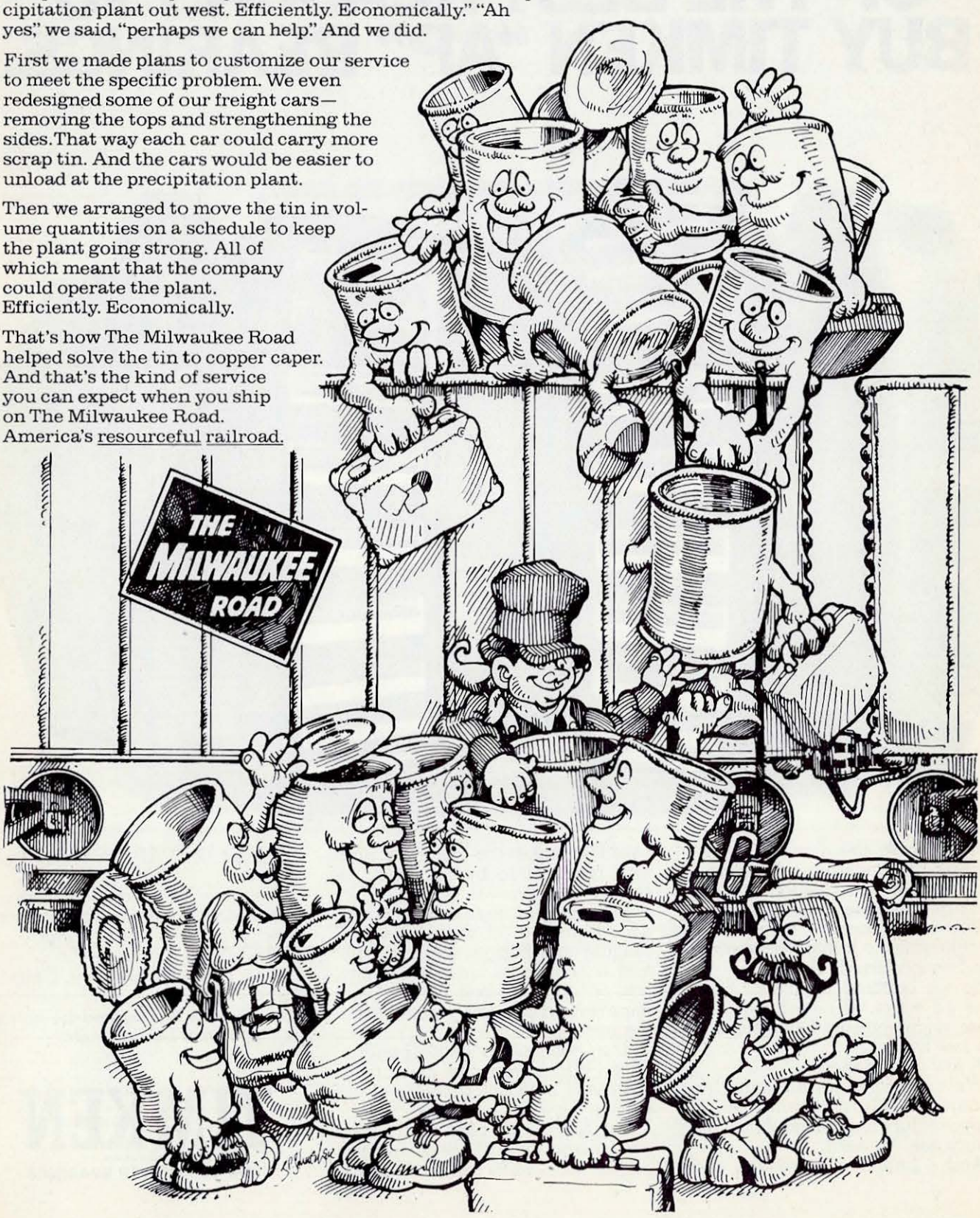

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Inside

LUTHER MILLER

WHEELS—AND WHEELS

For this issue's front cover, Seaboard Coast Line Chairman W. Thomas Rice and Louisville & Nashville President Prime F. Osborn were photographed against a wall of SCL's general office building in Jacksonville, Fla. What is unusual—and strikingly handsome—about this wall is the metal sculpture of steel-wheels-on-steel-rails mounted on it, and the words that appear beneath the sculpture: "The most essential wheels in the progress of America." While the Messrs. Rice and Osborn are very big wheels indeed in the Southeast, the words refer, of course, to the business they're in—the business of railroading.

That these words represent more than mere sloganeering for "The Family Lines" is demonstrated, we believe, in Associate Editor Bob Bartley's Management Close-up articles on SCL/L&N which begin on p. 17. Bob has written the story of a consolidation that is working—for the carriers involved, and for the fast-growing section of America that they serve.

THE BIG ONES THAT ARE GETTING AWAY

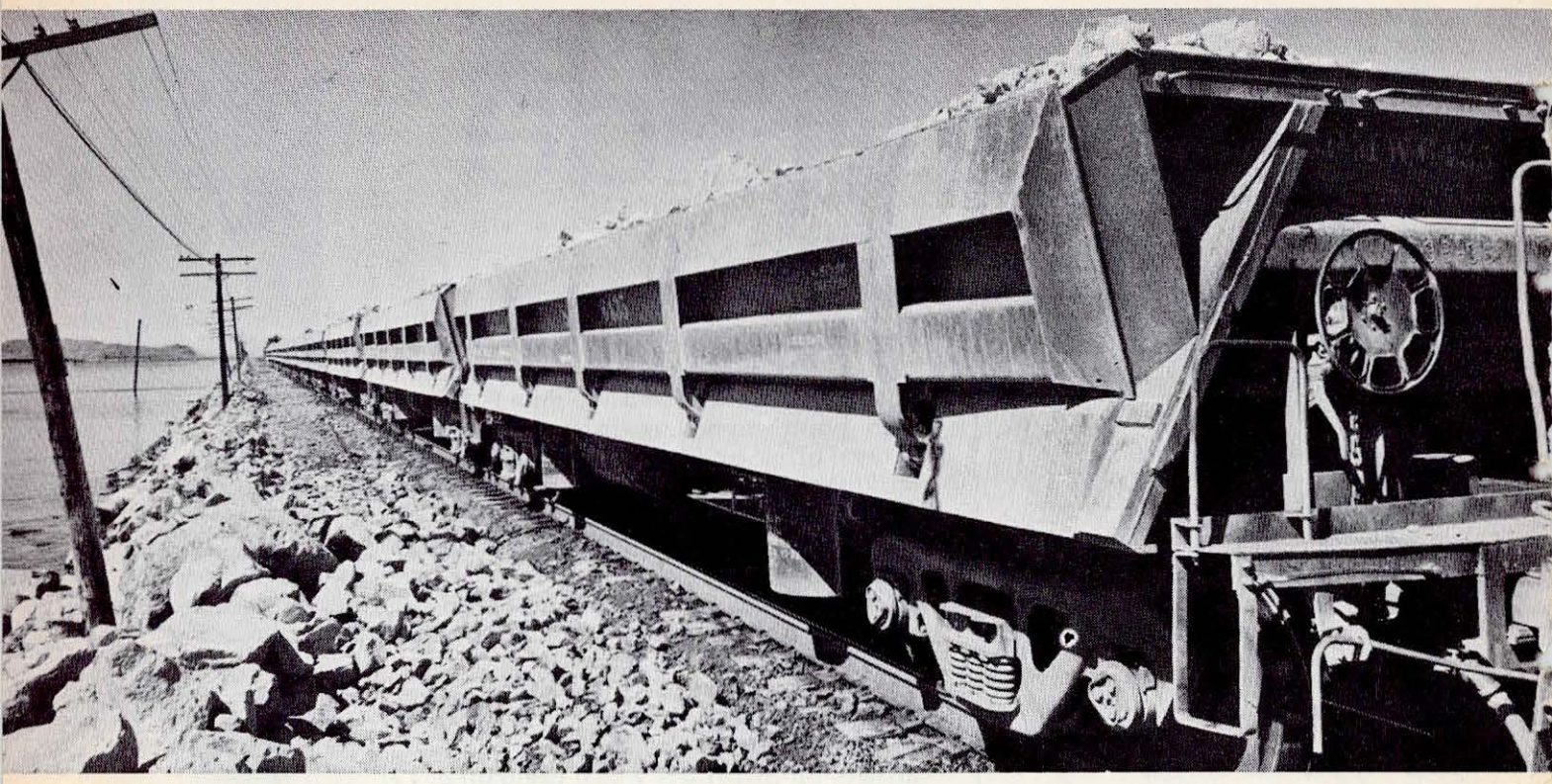
Each year at this time, Railway Age asks leading railroad shippers what their prospects are for the New Year, and how railroads might share in these prospects. This year 114 shippers participated in the poll. An impressive total of 101 said they anticipated bigger business and bigger freight shipments in '73. A less impressive 56 said their railroad shipments would be relatively larger in '73 than in '72.

As our report starting on p. 30 points out, railroads can take some comfort in the fact that a large number of shippers still find the rail way the best way. But as we also point out, "In coming months it is likely to be 'the big one that got away' that will be the main concern of railroad marketing men."

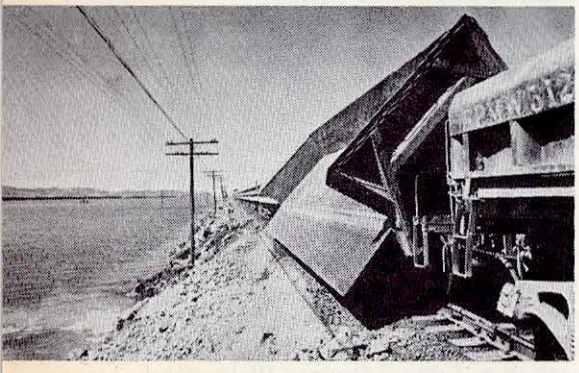
A MARKETING MAN ON MARKETING

What makes a good marketing man? Says Penn Central marketing vp George Wallace: "Marketers are typically highly motivated types. They are usually intelligent and enthusiastic. This sort of person gets involved in his work—that is good." What makes a bad marketing man? Says Wallace: "Sometimes [the marketer] also gets convinced about the superiority of his intelligence—this is not so good. At least one man in any marketing project team should be specifically given the job of 'devil's advocate,' to shoot down any and all high-flown assumptions that sneak in masked as facts." George Wallace has these things to say—and many more about the railroad marketing effort, and the men who run it—in a provocative article written especially for Railway Age. It starts on p. 26.

DIFCO DUMP CARS



CUT RIP-RAP COSTS



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RAILWAY AGE

DECEMBER 25, 1972

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The cover photograph of Seaboard Coast Line Chairman W. Thomas Rice and Louisville & Nashville President Prime F. Osborn was taken outside SCL's general office building in Jacksonville, Fla.

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Short and Significant

NW DETAILS CAPITAL-IMPROVEMENT PLANS

Norfolk & Western will spend $68.7 million for capital improvements in 1973. About $36 million will be spent for roadway improvements across NW's 14-state system. Work will begin early next year on a $13-million microwave communication system. Seventeen other communication projects are planned. The NW pollution-control program will be expanded. As for rolling stock, NW will add 1,342 cars to its fleet, including 731 gondola cars, 111 box cars, and, to be built by NW, 500 open-top or covered hopper cars. Five hundred trailers will be purchased for TOFC service.

CN TO BUILD A LOCOMOTIVE SIMULATOR

The first simulator in Canada designed exclusively for training locomotive engineers is to be built by Canadian National. The device, in addition to simulating actual operating environments, will provide instantaneous and continuous displays of force levels that occur at all points in the theoretical train being operated by a student. The simulator is to be used at CN's locomotive engineer training center at Gimli, Man. It is expected to be in full operation no later than 1975.

PC WOULD POSTPONE SOME WAGE HIKES

Penn Central trustees have asked the road's bankruptcy court for authority to comply with 27 labor agreements which call for $61.1 million in increased wages next year and $70.3 million in 1974. The trustees, as a condition of their compliance, asked for authority to defer for three months the payment of increased wages (due beginning next Jan. 1) for about 44,000 employees represented by six unions. Increased payments to the other unions are not scheduled to begin until April. Wage increases due next April 1 would be paid as scheduled, and the trustees then would begin to pay the deferred wages. A hearing on the petition was set for Dec. 27.

AEROSPACE DEVICE ADAPTED BY SOUTHERN

An engineering test device developed by the aerospace industry has been adapted by the Southern to make vibration tests of freight-car parts. The device, called a pulsator, yields metal-strength information not available from constant-pressure testing long used in railroad test departments. The pulsator equipment, installed at a cost of $107,500, is testing bolsters for metal failure in normal use. The bolster test was chosen as the first for the new equipment because of a recent series of in-service bolster failures. A new building especially designed for the pulsator is at the railroad's Test Department facilities in Alexandria, Va. The test equipment was designed by MTS Co. of Minneapolis.

GSI WILL CLOSE TWO DIVISIONS

Two divisions of General Steel Industries will be closed when current orders are completed. They are the St. Louis Car Division and the Castings Division. "Every possible means of returning the two plants to profitable operation has been explored and all known alternatives evaluated," said W. Ashley Gray, Jr., GSI president. After closing the Car and Castings plants, GSI will operate 17 plants in the U.S. and Canada. GSI corporate offices will be moved early in January from One Memorial Drive, St. Louis, to available office space in the company's Ludlow-Saylor Wire Cloth Division, 8400 Midland Blvd., St. Louis County.

EL FINANCES SHOW STEADY IMPROVEMENT

Financial results of the bankrupt Erie Lackawanna continue to improve. EL trustees have reported to the reorganization court that the October net loss was $362,000 (on a fully accrued basis), compared with net losses for July, August and September of, respectively, $3.7 million, $1.6 million and $703,000. For the first 10 months of 1972, EL had a net loss of $19.1 million on a fully accrued basis (including an extraordinary charge of $6 million resulting from the effects of Hurricane Agnes), compared with net income of $96,000 for the comparable 1971 period.

CP RAIL UNDERTAKES CATENARY TEST

CP Rail is constructing a quarter-mile-long section of overhead catenary at Ross Peak, on its main line near Revelstoke, B.C., for the next stage of an electrification feasibility study that began in 1970. Purpose of the test is to determine the cost and the difficulties experienced in erecting catenary under North American mountain conditions; and to assess the effects of severe winter climate on the structure. The test section is being equipped with functional hardware, but it will not be energized. Supervising construction is British Insulated Calendar Cable Co. CP Rail's study of the feasibility of electrifying its Calgary-Vancouver main line has already included electric locomotive performance tests in Norway and Switzerland. These tests, says the railroad, confirmed that "modern electric locomotives could achieve traction levels 50% higher than the diesel-electric locomotives now in use." Studies are continuing on sources of electrical supply, and the economic consequences of converting to electric power.

RAILWAY AGE
NEWS

Jersey Central: The crisis deepens

It was hardly a Christmas gift in the eyes of 15,000 Central Railroad of New Jersey commuters when U.S. District Court Judge Anthony T. Augelli "reluctantly" authorized the bankrupt road to end its passenger service on Jan. 21, 1973. While earlier Augelli had turned down the petition of CNJ bondholders for cessation of all operations (RA, Nov. 27, p.8), he allowed the ending of CNJ commuter service unless the state of New Jersey agrees to an additional $9 million annually in subsidies. He noted that, despite state payment of more than $5 million in 1972, the financial burden of its passenger trains "is eating into the very heart of this unfortunate carrier."

Early in 1972, Augelli authorized CNJ to end its freight service in Pennsylvania without ICC and Public Utility Commission hearings. The bankrupt Lehigh Valley then took over operation of the lines involved.

New Jersey Governor William T. Cahill has consistently opposed additional subsidies to CNJ, claiming that present payments have not resulted in improved commuter service. Transportation Commissioner John C. Kohl recently testified that the state regards the costs of maintaining CNJ commuter service as "excessive" and suggested that the riders might be better served if CNJ were abolished and its operations taken over by other railroads.

However, when the Legislature returns to Trenton on Jan. 9, 1973, there seems little doubt that at least some stop-gap measures will be high on its agenda. Apparently in setting his shutdown date, Judge Augelli sought to give the state an opportunity to act. In addition, certain state fund advances will permit CNJ to continue its passenger trains until Jan. 21.

Actually, CNJ management has been struggling to increase the efficiency of both its freight and passenger operations. As a result there are new UTU and BLE agreements which are rated crucial in CNJ's own survival and of possible significance for the industry generally. While a much publicized labor/management task force on productivity (RA, July 26, 1971, p. 11) came a cropper a year ago, CNJ General Manager Charles H. Allen feels that the new, liberalized agreements with operating unions can increase the road's competitiveness, control costs and enhance the attractiveness of the operation in the eyes of state officials who will have a key role in any new subsidy policy.

In November the new UTU and BLE agreements opened the way to a significant restructuring of CNJ freight operations, particularly in the congested terminal area extending from Jersey City through Bayonne and Elizabeth to South Amboy. Much of this, for the first time, constitutes vastly expanded switching districts which have ended many former road-service and even yard-service restrictions and have served to speed interchange movements by 12 hours, or more. Creation of a single 12-mile switching district through the highly industrialized area between Elizabethport and South Amboy is seen as saving $300,000 in yearly crew costs and as yielding an equal amount in reduced per diem and increased car utilization. Other changes have cut deadheading costs, liberalized assignments from extra lists and allowed new terminals for certain road operations.

> "Wherever Northeastern railroads are headed," says one observer, "there is little doubt that the Jersey Central will get there first."

CNJ's agreement will allow eventual elimination of firemen from both freight and passenger trains through attrition and with the addition of an engineman trainee program, UTU has relaxed its passenger train manning requirements. Both unions have agreed to a basic 8-hour day for passenger service without mileage restrictions. This, says Allen, could permit an increased frequency of service.

In still another move, CNJ Trustee Robert D. Timpany has petitioned ICC for authority to use certain terminal facilities of Penn Central, Lehigh Valley, Reading and Pennsylvania-Reading Seashore Lines. CNJ proposes that with the utilization of a "rationalized system of tracks, terminals and other facilities without regard to their ownership," it provide terminal services not only for its own customers but also for those of PC, LV, RDG and PRSL. Previously, CNJ had asked ICC authority to use LV's Oak Island Yard in Newark. CNJ cites its "beneficial" work rules changes, its present service to more customers than any other New Jersey railroad and its ability to be reorganized at present earnings levels, once its passenger deficit has been lifted, as reasons for its doing a more efficient terminal job than the other roads can do individually.

As a condition, Timpany has told ICC that "CNJ cannot accept any conditions for the protection of employees of any of the affected carriers who might be adversely affected by the implementation of the proposal." Implementation will require construction of various connections and abandonment of approximately 150 miles of line.

He added that "the obvious benefits" to the public and all of the involved railroads should lead their trustees and creditors to strongly endorse the proposal.

Not now resolved, but due for some resolution soon is the destiny of the Jersey Central—whether it be abandonment, dismembering, government ownership, merger or a restructuring that might permit profitable operation. The problem-ridden CNJ's headquarters city of Newark has often been cited as the most troubled of all urban areas. Newark Mayor Kenneth A. Gibson has observed that "wherever American cities are headed, Newark is going to get there first."

Says one observer: "You could paraphrase Gibson. Wherever Northeastern railroads are headed, there is little doubt that the Jersey Central is going to get there first, too."

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Lines on Labor

GUS WELTY

ANOTHER YEAR, ANOTHER. . .

It was simple, but it was eloquent. It dealt with one problem, but it deals with all problems. It was one man's viewpoint, but it ought to be everyman's. It was the brief summation, by Monsignor George G. Higgins, of his findings—as the neutral party—in Penn Central's crew-consist dispute with the United Transportation Union. It ought to be required-reading for anybody involved in the industry's management/labor discussions, in 1973 or anytime.

WHAT A "NEUTRAL" CAN DO—AND WHAT HE CAN'T

Msgr. Higgins talks, for instance, about the "neutral" approach—in which a third-party study and recommendations are made: "Too often [this] merely provides the parties with a convenient excuse for their own unwillingness to face up to the dilemma in which they find themselves and which, short of government intervention, they and they alone can satisfactorily resolve through collective bargaining." Citing the settlement of the fireman-manning issue between the industry and UTU, he talks of what can in fact be done: "The record will show that when the parties do decide to act upon their own initiative, without either the benefit or the threat of outside intervention, they manage to resolve their differences. . . ."

He also talks of the act of negotiating—and its sometime results: "In spite of the progress that was made, what has resulted is an honest difference of opinion." And he gives his own blunt assessment of the "neutral" role at that point: "Since reasonable men differ, it is not appropriate. . .to recommend any final solution which the parties themselves could not agree upon through the negotiating process. Further, the commonplace practice of proposing an extension—to allow the parties more time to bargain—will not be recommended. If the Penn Central and UTU have anything worthwhile to discuss with each other, they will confer and bargain regardless of a recommendation to do so. If they have nothing new and substantial to propose, future meetings would be fruitless."

AND WHAT MANAGEMENT AND LABOR CAN DO

Msgr. Higgins does make one recommendation—by extension, perhaps, one that could be made anytime and anywhere. It is, simply, "that the carrier and the organization very carefully consider the alternatives facing them if they permit the. . .dispute to escape the confines of collective bargaining and enter the political arena. [I am] strongly of the opinion that the parties have much more to lose than they have to gain by circumventing the collective bargaining process." It has seldom been stated more clearly.

Well, the PC/UTU dispute didn't show signs of resolution and it was scheduled to get before the courts again a few days before Christmas. And someday it may be settled, somehow. Meantime, Msgr. Higgins' message is worthwhile thinking about—too—in the context of what is going to be happening in the industry at large in a matter of days or weeks. Without any doubt, men—negotiators—will differ. Hopefully, the differences will be those of reasonable men. Hopefully, these men—under admittedly difficult conditions, on management's side and on labor's—can emphasize "reasonable," to de-emphasis of "differ."

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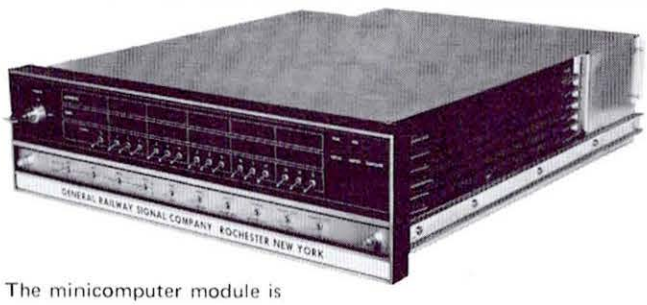
A Fully Modular System Based on the Minicomputer

This is a brand new concept – the Distributed Computer System. It is a unique, modular system. The minicomputer is the central processing unit. A broadly flexible array of GRS interface modules puts it to work on your specific job – controlling car retarders automatically, routing cars, controlling traffic systems – wherever a programmed, continuously updated, process control system can do the job better and more economically.



The minicomputer module is only five inches high, fits a standard communications rack.

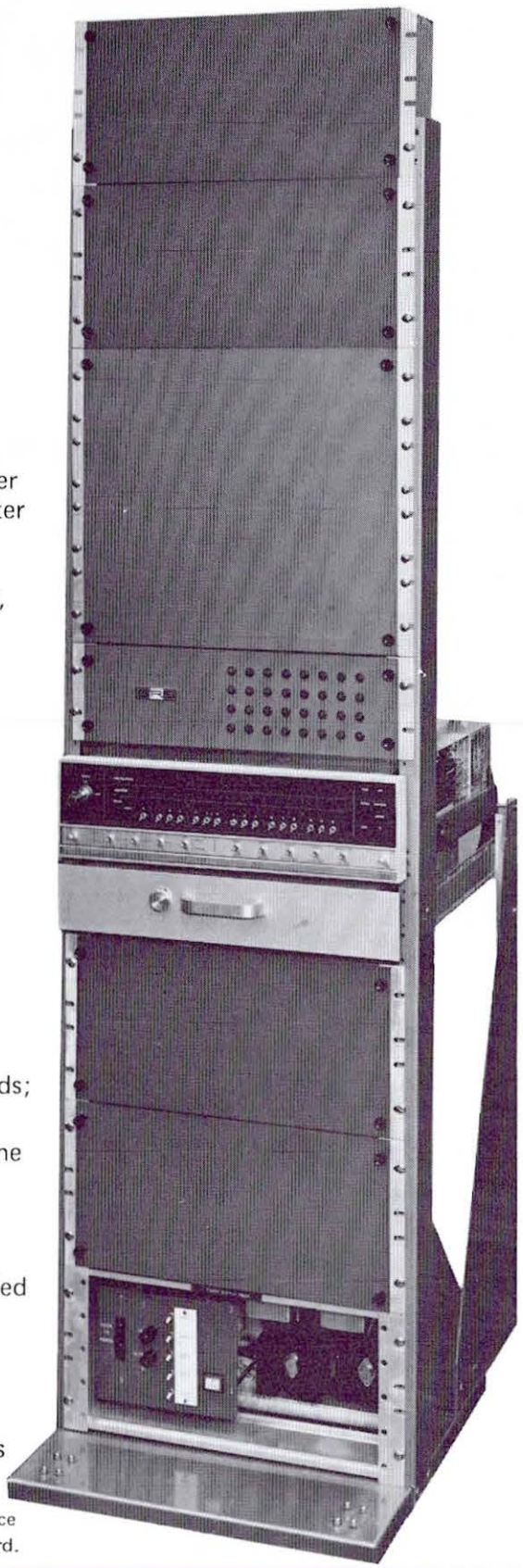
Minicomputer – usually has only five printed circuit boards; they can be changed out in minutes.

Reliability – mean time between failure is high; mean time to repair is short.

Compactness – minicomputer, and all interface modules, fit on 19-inch rack.

Interface Modules – GRS engineered, modular,plug-coupled units, typically with only ten types of PCB's, provide flexible building blocks to fit the system to the needs and capacities of your requirements.

Not a laboratory curiosity, an installation using this GRS system has been at work since June, controlling car speeds automatically in a 16-track gravity yard.



Here is a minicomputer, together with its GRS interface modules, as furnished for a Speed Frate yard.

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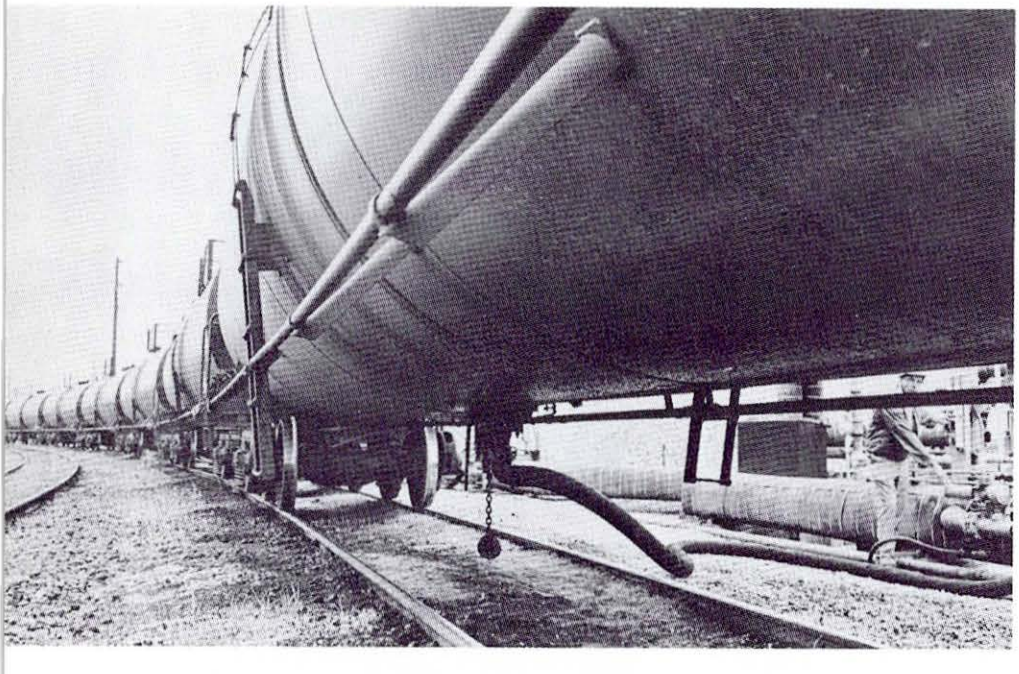


Unit oil trains help reduce pollution

Pennsylvania-Reading Seashore Lines is now operating unit oil trains to fuel the B.L. England station of Atlantic City Electric Co. After an exhaustive search for an alternative to coal, the New Jersey utility hit upon the use of crude oil delivered daily in 600,000 gallon batches. This involves three 26-car trains operating 70 miles across the state from Paulsboro on the Delaware River to Beesleys Point near Atlantic City. A total of 80 of the 23,150-gallon General American (GATX) tank cars are used in the system.

After an extensive search for a dependable, long-term supply of a non-polluting alternative to coal, the utility finally settled upon a mixture of Libyan and Persian Gulf crude oils with low sulfur, well within the limits recently established by the state of New Jersey. Although the England station is near the Atlantic Ocean, it was not feasible to deliver oil by water or to establish an off-shore tanker unloading facility in this resort area. ACE chose the only alternative—bringing the imported crude up the navigable Delaware River to Paulsboro. The schedule for conversion from coal to oil did not allow time for building a pipeline and the daily movement of 60 tanker truck loads of oil was shown to be far more costly than the movement of 26 tank cars.

The unloading facility can handle ocean tankers of over 200,000-barrel capacity. There are a pair of 268,000-barrel storage tanks and one 55,000-barrel mixing tank in which the two crudes are blended to achieve the proper sulfur level. The terminal has a loading rack which can fill up to 40 cars at a time, all through the top. Since the 80 GATX cars are used only for crude oil, there are no cleaning problems.

Leaving Paulsboro each evening, the 26 cars are delivered every morning by PRSL to Beesleys Point and the 26 empties from the previous day's unloading are picked up for return. The third set of cars is then at the loading rack at Paulsboro.

The unloading station is designed to empty ten cars at a time. When the train arrives, it is moved into position beside a pipe header which has ten flexible-hose connection. Five screw-type pumps transfer the oil from the tank cars to a pair of 150,000-gallon storage tanks. Each car is emptied from the bottom at a rate of 3,000 gallons per minute. A double set of vacuum relief valves in the dome promotes free flow and guards against the possibility of a vacuum in the car as it is emptied. A flow-actuated butterfly valve closes at the bottom when the tank car is empty. The unloading pumps automatically stop when the last of the ten unloading valves is closed. The arrangement eliminates the need for an operator climbing to the top of the cars to monitor unloading.

After the first cut of ten cars has been completely emptied, the train is moved up and unloading of the next ten cars proceeds. Total time for the entire train is about six hours, and involves a crew of two men and a supervisor.

The system has been in operation for over a year. England station is now the nation's largest using crude oil. A third oil-burning generator unit will go in service late in 1974. Then total oil consumption will involve a daily 36-car train. The unloading system was designed for this, with the cycle involving the emptying of nine-car cuts. The same crew is to do this in 8 hours.

BN keeps huge yard project on schedule

There's a certain pride to be taken, in this day and age, when a complex, multi-million-dollar construction project can be kept on-time. And that's precisely the report from Burlington Northern's $40-million Northtown Yard.

At Northtown, BN and its contractors are contending with a number of complications. About 35 trains a day pass through the construction area (the former Northern Pacific had its principal Twin Cities yard at Northtown) and switching and local-industry operations must be carried out. There's a highway bridge to be built across the yard. There are environmental considerations: The Northtown site lies partly in Minneapolis and partly in the suburbs of Columbia Heights and Fridley, and noise abatement is a natural concern of both the railroad and the municipalities. Finally, there is the standard problem of getting everything, all elements of construction, to come out even at the end. And as BN heads toward 1973, this is how it's going:

—Grading and related work are 80% complete. Plans call for removal of 3.5 million cubic yards of material, of which up to 750,000 cubic yards will be used on the project for berms, fill, hump construction. The rest of the material is being trucked away for use in improving present and potential industrial sites in the area.

—Sound-deadening berms are going in on schedule. The berm at the eastern border of the yard, for example, now rises about 65 feet above yard level.

—Building construction is keeping pace. As of mid-November, the car-repair shop was 40% completed and construction forces were well along with foundations for the hump itself, the barrel for the diesel underpass is in and hump fill is about 80% completed. Hopefully, BN says, some retarder foundation work can also be done this year.

—Work on major utility lines (municipal water, gas and sewer) is about 90% completed. Utility lines serving the yard itself will be installed as construction progresses and buildings go into service. Signal and communications lines and yard lighting will also go in as work moves ahead. Better than 90% of the track work scheduled for 1972 has been completed.

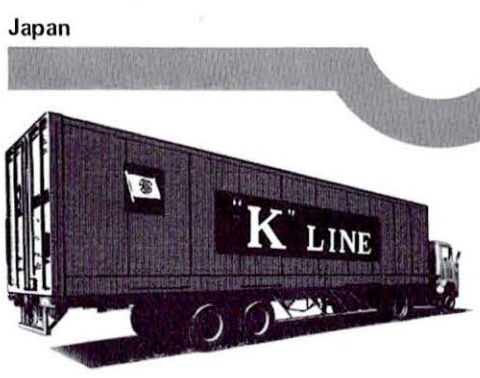
Will BN make the scheduled 1975 date for a fully- operational Northtown? Well, why not? Practice makes perfect—and on another major merger-related project, a $15-million line-consolidation job at Spokane, BN stamped it "complete" about three months ahead of schedule.

An important announcement.

"K"Line has an important new service between Japan and New York. A fully containerized route via the Panama Canal. This new service now gives shippers a freer choice of routes between Japan and New York.

"K"Line will be featuring its economical 40 footers, on-chassis container systems and a wide choice of specialized containers. The development of this new route represents a proud addition to the already wide range of "K"Line services. And as if that weren't enough, we've recently inaugurated the "K"Line Land Bridge System. Now you can go from Pusan, Hong Kong and Japan to the American West Coast. Then overland via rail to the East Coast. In other words to and from Hong Kong and New York in a remarkable 25 days!

So whatever your shipping needs, speak to your "K"Line representative for help.



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Circle 6 on coupon page 37

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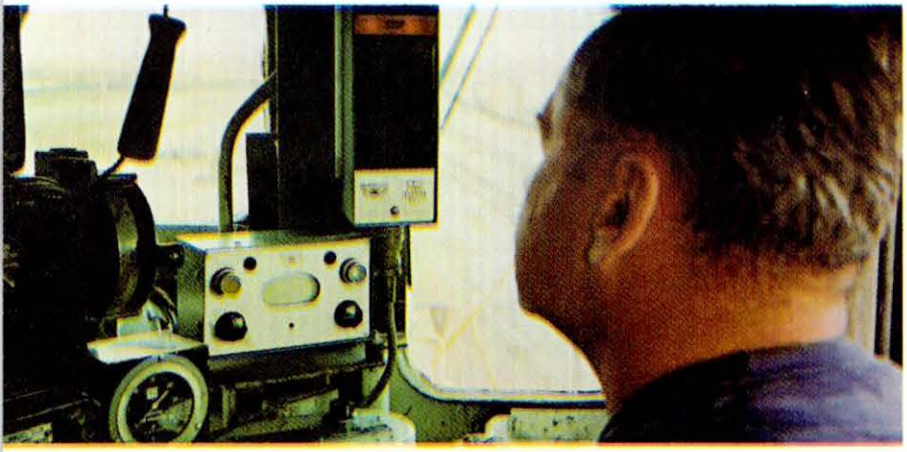
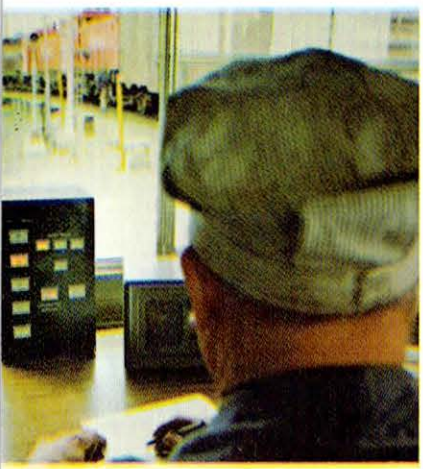
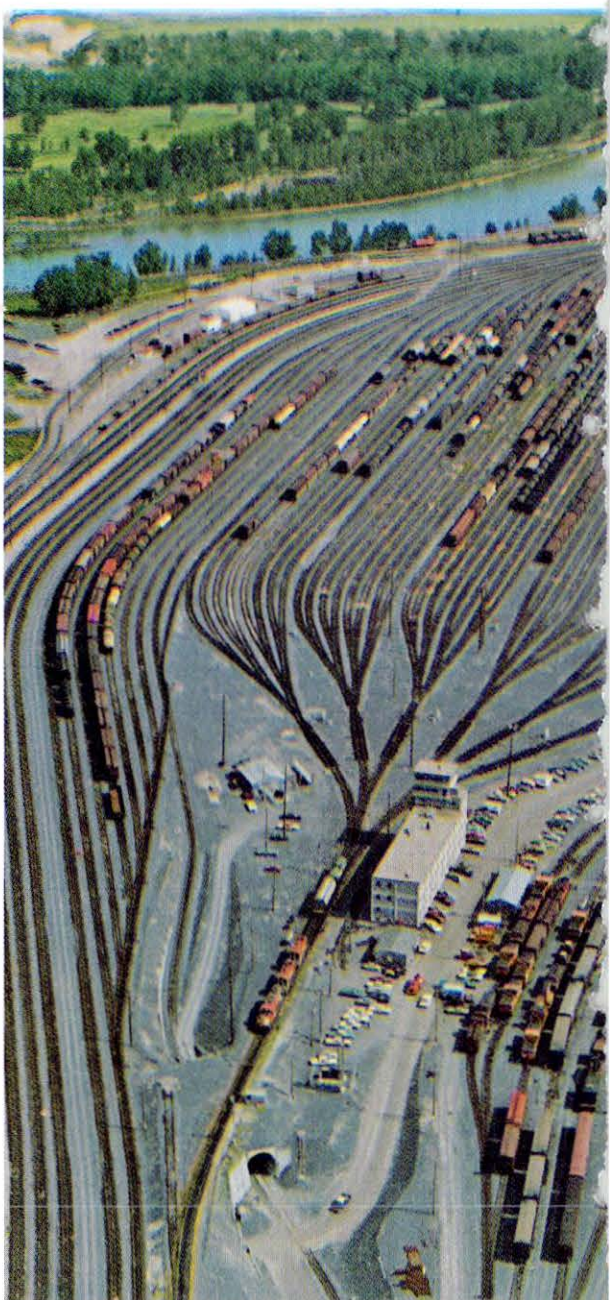
3000 CARS-A-DAY CONTROL

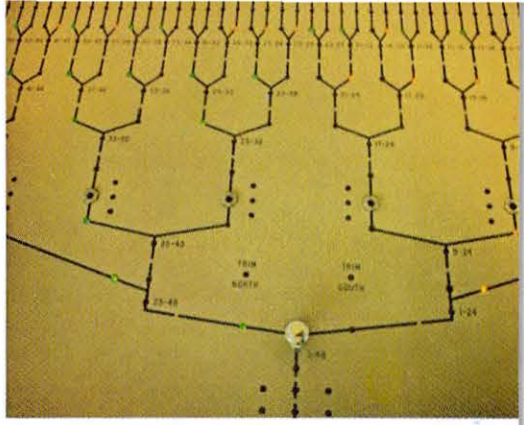
CP's Alyth classification yard in Calgary can handle 3000 cars daily. It has achieved the goal of railroads everywhere: greater efficiency with reduced operating expenses. The efficiency comes from having more automated controls than any other yard in the world. WABCO controls.

As an incoming train rolls toward the hump, an automatic car identification scanner verifies the car's number. A computer, with the consist of the train already stored in its memory bank, takes control of the operation









of retarders and switches.

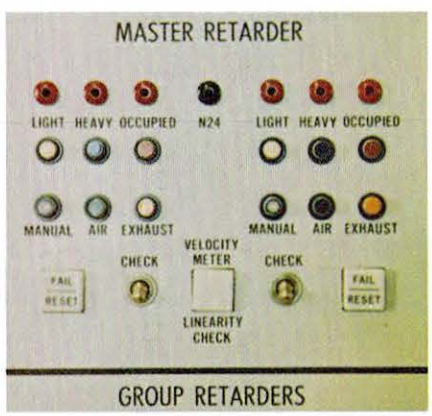
The computer continually updates information on the number of cars and their position on the destination track and calculates the distance the car must roll.

In micro-seconds, car length and speed are measured by radar. Measurements of its weight and "rollability" are made and proper signals are flashed to the retarders to apply just the right amount of braking to achieve safe couplings with standing cars.

The speed of the humping locomotive is automatically controlled from the crest.

Other highly sophisticated devices perceive and make corrections for irregularities in the operation. In an emergency situation, the operation is automatically stopped.

The expertise that made this yard possible can be put to work for you. To start things rolling, write: WABCO Transportation Systems Group, Union Switch & Signal Division, Westinghouse Air Brake Company, Pittsburgh, Pennsylvania 15218.



TRANSPORTATION FROM THE WORD GO

The WABCO Transportation Systems Group is: Union Switch & Signal Division, Westinghouse Air Brake Division, WABCO Ltd., Cardwell Westinghouse Company, Freios e Sinais do Brasil, S.A. In Transportation, WABCO is also 17 European operations and licensees and agents throughout the world.

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Circle 14 on coupon page 37

Pampered protection for a jet on an iron rail runway

Airframe components for the Boeing 747 superjet, world's largest commercial jetliner, require a giant boxcar when they're shipped by rail from the Southwest to the West Coast. FreightMaster® end-of-car cushioning equipment helps provide the high level protection that both car and cargo require.

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More and more shippers and railroads are agreeing—when you want the best combination of cushioning at the best long-term cost, FreightMaster is at the top of the list. Lighter installed weight, a longer record of superior protection, and a service organization of Assistance-In-Depth Engineers are all vital parts of the protection package that FreightMaster puts together to solve any cushioning problem.

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MEMBER RPI AID

GETTING IT ALL TOGETHER

W. Thomas Rice is all of these: railroad man, businessman, engineer, military man (major general [ret.], U.S. Army Reserve), a sports fan and an outdoorsman, and he is always more than willing to serve as an eager spokesman for Americanism wherever he goes. These days, though, the indefatigable chairman and chief executive officer of both the Seaboard Coast Line Railroad and its parent, Seaboard Coast Line Industries, Inc., will tell you that he is, above all else, a "family man." His "family" in this case consists of the SCL and the Louisville & Nashville (which last year became 98%, and then last month 100%, owned by the SCL), and their subsidiaries, the Clinchfield and Georgia railroads. The task at hand is one of consolidating and coordinating operations of the two family line members so that they—and their customers in the rapidly-growing southeastern and south-central parts of the nation—may benefit from new economies and new service capabilities. In an interview with Railway Age Associate Editor Bob Bartley, Tom Rice discussed his family plans—with special emphasis on SCL's participation in them.

Q. Mr. Rice, did your experience of five years ago—in merging the Atlantic Coast Line and the Seaboard Air Line into the Seaboard Coast Line—teach you to be wary of any particular problems while going through the process of blending SCL and L&N operations?

A. We learned a lot while forming the SCL, and in many instances we learned the hard way. I feel the big problem to overcome in a merger is people. Solve it, and all others become minor by comparison. You're well-advised to take the necessary steps to avoid deterioration of morale. In areas where we're now consolidating family line operations, we are, so to speak, making haste slowly.

Q. How far have you gone in unifying operations of the two lines?

A. First of all, we have one top traffic officer for the family. Also, we have one top man over our management information services, our data processing. We're working hard to unify the individual systems, to centralize and standardize. Another thing we've done is name one purchasing officer, believing that "it is cheaper by the dozen" and that we should be taking advantage of this aspect of the consolidation.

Q. What, specifically, is your role in the consolidation?

A. I, as chief executive officer of Seaboard Coast Line Industries, the parent company, am trying to bring everything together—perhaps not physically, but mentally more then anything else. I know you can't turn the world upside down in a day, so I'm trying to see to it that we make our moves only after careful planning and well-thought-out decision-making.

Q. The merger that created SCL must be working out to your satisfaction, otherwise you would not have undertaken the task of consolidating SCL and L&N operations. . . .

A. First of all, I'd like to point out that the Seaboard Coast Line was, the first successful railroad merger in modern times. Our merger proved that merging could work, and it has worked. We've traveled some rough spots, but we've smoothed them out. There were heartaches and headaches along the way. Right now I can say that we've done a lot of things that we never envisioned. The merger is working beautifully, and

"Where we're now consolidating family line operations, we are making haste slowly. . .You can't turn the world upside down in a day. . .We make our moves only after careful planning and well-thought-out decision-making."

SCL Chairman W. Thomas Rice

◀ Circle 7 on coupon page 37

the service we can render from the East and the West into the Southeast and in reverse is, I feel, second to none. I think that we've proven beyond a doubt that our merger made over five years ago was proper and in the public interest.

Q. Is it true, as it has often been said, that the costs of merging and then starting up the merged company are extremely high?
A. Indeed they are. Unfortunately, a lot of people thought there was a money tree growing in the back yard after the merger took place. They were wrong. The costs of crank-up are terrific—there's the cost of relocating people, of changeover of equipment and making it all compatible. You've got to, for example, make your radios compatible, change the color of your equipment, stenciling must be changed, and in some cases jumpers between locomotives may have to be altered. These costs ran into millions. On top of all this, the legal costs ran into millions, too. They were almost unbelievable.

Q. But, SCL is a healthy property now, isn't it?
A. We're in fine shape. Our fixed plant is good—so good that I don't think the new Federal track standards will create any great change in our maintenance practices. We might have to do a little more in the weed control area, but that's about all. We've got a modern locomotive fleet and our car fleet is relatively young. And our management-information system has to be one of the finest in the country. So, yes, we're in fine shape—just look at the building we're headquartered in; it's symbolic, I think, of the physical shape of this road.

Q. What kind of year has this one been?
A. If you want to compare it with previous years, that is something that's a bit difficult to do. We're—Seaboard Coast Line Industries, that is—much bigger than ever before. About the only thing that can be compared is the third-quarter earnings for each year, both of which would reflect the 98% ownership of the L&N. But, carloadings are up beyond last year's third-quarter figures. Naturally, costs are up because of the wage increases which the Federal government told us to pay without granting any offsetting rate increases. On a pro forma basis, our earnings for the first three quarters are better than a year ago. And, of course, we've been moving forward with the unification of the four lines.

Q. What's the outlook for '73?
A. Barring any major turn downward in the economy, I believe it will be a better year than '72. Fortunately, the 13 states which the family lines serve are equal to or better in growth than any other part of the land, and we're bound to participate in this growth. More people are moving in, more industries are coming, and we see a demand for more and more coal for many, many years ahead, which will help us.

Q. Of course, this has been a very peaceful labor year. What do you see for '73?
A. We should go through the first half of the year with its being more or less static, except for the wage increases that have already been granted. What the last half will bring, frankly I have no idea yet. Obviously, we will be faced with some requests from labor.

Q. Yours is a unique railroad in that it operates both Amtrak and Auto-Train passenger trains. How is this working out?
A. With Amtrak, we are benefitting through a reverse procedure, you might say. It's not what we earn on Amtrak operations, it's what we don't lose. When we joined Amtrak, 17 trains that we were losing badly on were taken off. The trains Amtrak retained were the ones we had been saying for years we would continue to operate as long as people rode them. We make no profit on Amtrak—as a matter of fact, we do not recover the cost of operating these trains.

Q. And Auto-Train. . .
A. That's entirely different. We operate it as a contractor, and we make our costs along with an element of profit. There are indications that this service will expand. We hope it will because it's good business for us. There's talk about another Auto-Train out of the Midwest to Florida, perhaps out of Cincinnati, which could involve L&N as well as SCL.

Q. What kind of success are you having in competing with other transportation modes in capturing new traffic and holding on to the old?
A. Look at the improved service we're

Consolidation vs merger

"We're consolidating only where we can obtain better economies and provide better service."

L&N President Prime F. Osborn

Prime F. Osborn, III, who was elected president of the Louisville & Nashville last April after serving two years as president of the Seaboard Coast Line, is regarded as the "architect" of the merger that created the SCL in 1967. Today, from his headquarters in Louisville, Ky., he, like Tom Rice, is working vigorously to mould the 16,600-mile SCL-L&N "Family Lines" rail network into a transportation system that can better serve the fast-growing Southeast and south central sections of the country. Here are some of his views of the L&N and its working relationship with the SCL.

Q. Mr. Osborn, why are you working on consolidating various operations of the SCL and L&N rather than seeking out a merger?
A. Actually, there are many reasons, but I suppose if you wanted to put one at the top it would have to be the time element involved. We felt that we could move more quickly, more efficiently through consolidation to gain the benefits of a closer SCL-L&N relationship. Also, this is an end-to-end relationship rather than competing line relationship as was true in the SAL-ACL merger, and there are not as many benefits to be gained by merger.

Q. Could consolidation eventually lead to merger?

operating out of Chicago to the Southeast. We're making available fine service through the Potomac Yard gateway to the Florida peninsula. We've got a fine run-through service from New Orleans across the top of the Gulf. We also operate run-through trains into The Carolinas, to Birmingham, Ala., to Memphis and on out into the Midwest. I think we're competing very well, and we're working with some highway haulers in getting some of that traffic on the railroad. We're working to get some of that I-95 traffic moving through the Richmond-Petersburg, Va., gateway. I think a lot of the truckers are realizing that they can work with the railroads, and things can be done to allow both of us to make a few dollars.

Q. Then, you see a bright future for TOFC/COFC traffic on the SCL?
A. This business is constantly increasing. Now, some of that traffic is coming out of box cars, I'm sure, just how much of it I'm not too sure. But, when I look at our monthly loading reports and see that piggyback loadings are 2,000 to 2,500 cars ahead of last year—it's a good feeling, regardless of whether some of that traffic came out of box cars or not. I know, though, that a lot of it is new business and I feel there's a wonderful opportunity for us in the TOFC/COFC area.

Q. Do you also see opportunities for traffic growth through unit train operations?
A. We're quite enthusiastic about what these trains are able to do. Our unit train operations are generally in connection with movements of coal to the utility companies, but this type operation is feasible with many of the large shippers and receivers in our territory. And, of course, we have the Tropicana fruit juice train—that's the one that delivers one million gallons of citrus juice from Florida to New Jersey each week—which we think will grow in importance. They've got a very imaginative management there and I believe they'll see to it that the business grows beyond where it is now.

Q. Both SCL and L&N are regarded as leaders in the railroad industry in the use of the computer and data processing to assist management in running the operations. Is the computer really that important?
A. We're always doing everything possible to promote the better and more efficient use of computers. They're making a big contribution to better utilization of equipment. We use them to tell the customer where his car is; they're helping us watch yards and move cars through them more efficiently. For management, they help us review the performance of people in the field.

We've got our accounting work on them, inventory information is in them, we're billing customers by computer—you name it, and we're probably doing it. This service is limited only by how

A. No. You see, we did not have to go to the Interstate Commerce Commission for permission to merely extend our control, which is what we're doing in the consolidation. To merge, you have to have Commission approval and take on the burdens which that entails.

Q. Then, the ICC is concerned in no way with this consolidation?
A. No, because it is not a complete consolidation. If it were, then the Commission surely would be. We're consolidating only where we can obtain better economies and provide better service.

Q. Is the consolidation meeting your objectives, or is it too early to tell?
A. Naturally, you'd want to do everything overnight, but we know from our earlier experience in putting railroads together that you've got to be absolutely sure of yourself before you make a move.

We've got three departments coordinated—traffic, data processing and purchasing—and we're constantly improving our run-through operations.

We've got problems, too. Consolidating yards, for example, is a problem not easily or readily solved. Equipment balancing is not the way we'd like it, but we're working toward a solution.

On the L&N, we're relatively new in the grain-originating business, and we're working on establishing rates for this business. On the old Chicago & Eastern Illinois and Monon, we have origin points for tremendous amounts of grains, with much of this traffic destined for points on the SCL. And, of course, you'd like to use the best of both systems while consolidating, and sometimes it's very difficult to determine which of the procedures is best.

Q. How are L&N employees reacting to the consolidation?
A. First of all, we went out and met with employees over the entire system and explained to them what it is all about, that it is definitely not a takeover. There's really better job stability for them, it's a better railroad to work with, there's more opportunity, and there are a lot of things that can be done now that neither road could do on its own.

We initiated a 3-S program recently—Service, Safety, Sales—in which we asked employees "If you know of ways to run this railroad better, please let us know." In just three weeks, we got over 2,000 suggestions, and some are very, very good.

Q. Do you regard L&N as a healthy property?
A. Very much so. But, naturally, you never find everything the way you want it. It's a strong, stout railroad—good rail, good roadbed, few branch lines that aren't being fully used, and good yards, most of them fairly modern. L&N doesn't have the refinements one would like, and we need some yard additions. All in all, though, it's a strong property.

Q. What are you likely to be stressing in the way of equipment and property improvements in '73, and also, what are your service goals?
A. I believe that we should put more emphasis on repairing—rather than building—cars. Perhaps we'll be laying additional new rail, but our tie and roadbed program will work out to be about the same as this year.

I'm hoping to see a great splurge in the area of service in the coming year. We've been experimenting in recent months running shorter, faster trains with the SCL, and I'd like to see this type of service expand. We added three trains—two out of Chicago and one from St. Louis—that are operating in support of each other. The St. Louis train picks up all the local business between Evansville, Ind. and Louisville and the Chicago trains don't have to bother with that service. The Chicago trains can go all the way through to Jacksonville without ever being yarded. Business for Atlanta or Jacksonville that's on the St. Louis train is blocked and just put on the end of the Chicago trains in Louisville.

rapidly we can improve its efficiency.

Q. How is the computer-billing of customers working out?
A. It's a new thing, and there was some skepticism about it—by old-line railroad people and by some shippers and receivers. They're finding, though, that it's something that has to be done, because the cost of billing manually is just beyond belief. Since most of our big customers are doing computer-billing themselves with their customers, they're mindful and understanding of some of the growth problems we've had along the way.

Q. Back at the time the SCL merger was approved, it was estimated that several hundred miles of track could be abandoned. Have you succeeded in abandoning what you had planned on?
A. We thought at the time of merger that we would abandon 1,100 miles of track. Actually, we've abandoned only about half of that amount—partly because of the tremendous growth we're having in the Southeast and partly because of changes in traffic.

You must remember, too, that there were many years between the time the merger plan was drawn up and the time it actually took place. We had some track, for example, that was under consideration for abandonment, but then a large plant was located on it, so the plan changed. On the other hand, we've abandoned track that wasn't in our original abandonment plan. For example, a passenger train from Jacksonville to St. Petersburg was taken off by Amtrak and that meant that we could abandon some duplicate track in central Florida.

Q. Is the sudden concern for protection of the environment, for pollution control, causing you any problems?
A. Crosstie butts are a tremendous problem now that we can't burn them. If you have a right-of-way that's wide enough, you can dig a ditch and bury them. But, you can do that only once. We're faced each year with disposing of millions of these tie butts, and a lot of effort has been expended trying to develop a way to get rid of them. We tried to develop a machine that would chip them and spread the chips on the right-of-way, but we haven't found one yet that will work properly.

As for noise, there are a certain number of problems with it, mostly complaints from people who say their sleep is disturbed. We do what the state laws require.

Smoke—yes, we cause some, but it's far less than other types of fuel-consuming vehicles. But, there's very little problem there. Of course, we have the problem, too, of people burning trash on our right-of-way.

Q. What is your philosophy on mergers?
A. I think that when you have roads with duplicate facilities, duplicate managements and services, merger is absolutely vital to the preservation of those railroads under the free enterprise system. We—the ACL and the SAL—had too many facilities in the Southeast. We ran side-by-side, criss-crossed each other and we were fighting for a loaf that really wasn't suited for cutting. We were more or less weakening each other.

Take an end-to-end consolidation or merger—of course, it can work if you can unify and do away with a lot of your overhead costs, like double facilities, double people, or double expenses, which is what it's all about.

Take the SCL-L&N consolidation for example—for years we've had separate sales offices, separate people in them, and we've both been doing the same things, like paying rents, utilities, telephones, office staffs. And what were we doing?—both staffs were working with the same car from the same point off-line to one that was on-line. It was wasteful.

Q. Is merger the ultimate answer to the railroad problem?
A. No, because there is a point of diminishing returns. You don't want to create a gigantic thing, something that's too big and unwieldy. A merger must be viewed in light of the territory to be served. Some people in the industry are envisioning one, big merged system and I disagree with them most emphatically.

Q. It has been said many times that the railroad industry's image is bad. How do you assess it?
A. We've had some pretty rough going in recent years. The Penn Central bankruptcy was a horrible blow and the news coverage of it was bad at times. The insinuations that railroad managements as a whole were not "tending to the store" were grossly unfair. An image has been created that may take us a long time to live down. There's an old expression among bird hunters: Give a dog a bad name and you might as well shoot him. We've had a bad name for a long time and we've got to overcome it; we've got to state our case fairly and objectively to the American public.

Q. But, despite the problems, you are optimistic about the future?
A. I'm very enthusiastic. We're vital to this country and to its growth, and certainly they haven't found any other type of transportation that can touch us for moving tonnage in great volumes at great speeds. Yes, I'm real bullish.

TOFC/COFC TRAFFIC ON SCL is increasing at a

Reaping the

About five years ago—and within approximately six months of each other—two major railroad mergers were consummated. The first was destined to become almost forgotten for a while as all eyes suddenly focused on Philadelphia where the second merger—heralded as the largest corporate merger in history—began creating the world's largest privately-owned railroad, the awesome, $4.2-billion Penn Central.

We all know what happened to PC in the ensuing five years—failure, bankruptcy, court control and now a fight back—hopefully—to solvency. Meanwhile, the other, near-forgotten railroad, after physically creating itself by activating rail interlocks at Dillon, S.C., and Callahan, Fla., following the stroke of midnight, July 1, 1967, rolled up its sleeves and immediately went about the business of fulfilling the goals set for it during nine years of court-delayed merger planning. Today, this product of patience and determination—the Seaboard Coast Line—stands as evidence that rail mergers can work, and if cared for properly they can grow and prosper, too.

● **Southeast is developing fast.** Indeed, SCL is alive and well today, and it is living in a region of the country that is

rapid rate, thanks in part to the new L&N affiliation. Chicago-Jacksonville transit time is just 33 hours.

rewards of consolidation

probably growing at a faster clip than any of the others. SCL will tell you that in all likelihood the two merger partners—Atlantic Coast Line and Seaboard Air Line—would not have been able to cope on an individual basis with the tremendous growth in population and industrial activity that is taking place now and is projected for the Southeast in the years ahead. At any rate, if the two were still crisscrossing and paralleling each other throughout the Southeast, and if they were still engaged in a running battle for the transportation dollar that exists there, surely neither singly nor collectively would they be as prosperous and strong as the railroad which the merger created.

Tossed into the pot by ACL at merger time was close to $700 million in assets, operating revenues well over $200 million, a level of business exceeding 15.5 billion ton-miles, a 5,513-mile rail network and 11,850 employees. SAL's contributions to the merger included assets just a shade over $530 million, revenues running a bit shy of $190 million a year, ton-mile activity of slightly more than 13¼ billion per year, a 4,122-mile rail system and 11,300 employees.

W. Thomas Rice, chairman and chief executive officer of SCL and its corporate parent, Seaboard Coast Line Industries, Inc., will quickly tell you that in its infancy SCL had its share of problems, some of which could never be anticipated. Obviously, a lot of things went according to plan, or better, because today Tom Rice says emphatically that "the merger is working beautifully for us."

● **Success leads to consolidation.** Clearly, merger must be doing what SCL management had hoped it would, otherwise it would not be embarking upon a program aimed at consolidating a number of key SCL operations with similar operations on the Louisville & Nashville. Last year, SCL acquired 98% ownership of L&N (increased to 100% last month), thus paving the way for the consolidation, which might be best described as a scaled-down merger involving three key departments on each road—traffic, purchasing and management information services. It is the general feeling in the headquarters of the two roads that consolidation and close coordination in these particular areas will reap quicker and more lasting economic benefits and at the same time strengthen the transportation services offered by each.

One of the first steps toward consolidation was taken at the outset of this year when Horace M. Emerson, SCL's vice president-freight traffic, was elected to the same post with L&N, giving him the responsibility for all freight sales and marketing activities for what is coming to be known as "The Family Lines." Also given dual roles were W.I. Johnson, director of purchases for L&N; James R. Getty, vice president-passenger traffic services, SCL; and Samuel A. Alward, L&N's director of management-information services, elected vice president of MIS for the two lines.

Today, when the shipper looks at SCL he doesn't see just a 9,100-mile railroad serving six southeastern states—Virginia, the Carolinas, Georgia, Alabama and Florida. Instead, the services of The Family Lines are there for him—16,600 miles of rail system that now reach into L&N, Georgia and Clinchfield territories that include other states such as Kentucky, Tennessee, Mississippi, Louisiana, Indiana, Ohio and importantly, Illinois. A prize package that goes along with this expanded system is a combined equipment fleet of 2,365 locomotives, 139,300 freight cars, and 8,017 trailers, some owned outright, other leased.

Consolidation of the traffic depart-

Run-through service gets a big boost from the affiliation

ments of the two roads is being accomplished at a much more orderly pace that prevailed when the ACL-SAL merger became official, says Horace Emerson. "From a traffic standpoint the SCL and L&N are, for all practical purposes, operating like a single line," he adds. On the other hand, off-line offices of the two are far from being completely unified. Only Detroit has a joint SCL-L&N traffic representative at this time. While Emerson, and James D. Bozard, SCL's vice president-sales, and Nelson S. DeMuth, vice president-marketing, rate this particular office consolidation as a definite success, there is no crash program under way in other cities to put offices under one roof. "We're still separate railroads, and any reduction in personnel in the sales offices will come via attrition," advises Emerson. "However, once it gets moving, attrition moves surprisingly fast, which means that we can expect to see the number of dual offices shrink rather quickly."

● **Cooperation in operations.** While office consolidations are being allowed to more or less set their own pace, the coordination of operations that can bring about service improvements is being accelerated on all fronts by the staffs of both roads. Run-through service, particularly that operated in and out of the north Florida area, gets a big boost from the new affiliation. Florida, a major consuming state that saw its population rise by almost 1½ million in the past decade, can be served by short mileage rail routes through New Orleans, St. Louis, Chicago and Cincinnati. Piggyback service out of Chicago makes the Jacksonville run in just 33 hours. "On some of the runs between Cincinnati and Florida," says Emerson, "I believe we can compete very well with the motor carriers."

TOFC/COFC traffic on SCL is increasing at a rapid rate, thanks in part to the new L&N affiliation. Strangely enough, it was in July 1971—historically a bad piggyback month for SCL, usually the second worst of the year—that TOFC traffic really took off on its upward climb. May and June, the watermelon shipping months when 2,600 to 2,700 trailerloads of the melons are handled, passed and then the expected July dip never materialized. Plan II½, which J.W. Plant, assistant vice president-intermodal services, rates as "a heck of a lot more efficient—not just a little—than some of the other plans," is showing real strength. Plan II, meanwhile, has dipped dramatically in the past 10 years, from 34% of the piggyback business to a current 22%.

SCL doesn't see growth for container traffic of the magnitude that has been seen in trailer loadings over the years. It is not that SCL would not like to see this segment of the business grow—after all, through The Family Line affiliation, 38 ports and other water terminals are served. But, the general feeling at SCL is that container traffic has too many restrictions.

It is in the realm of piggyback operations that SCL really demonstrates its seriousness about offering better service as an inducement for more traffic. Although Birmingham or Montgomery, Ala., would give SCL a longer haul if they were major piggyback consolidating points, Atlanta has been selected for this activity.

Another aid to piggyback growth, Emerson contends, is, finally, the dissolution of the barrier that has existed over the years between railroads and motor carriers. "Let each carrier do what he can do best, and both will benefit," is the way Emerson puts it. SCL gives a lot of credit to the piggyback consolidator who, in performing the service of marrying trailers for piggyback shipment, has become a real boon for railroads. Another positive indication that industrial firms have accepted piggyback, that it is "in," is the number of inquiries about the availability of TOFC service made by firms anticipating re-location in SCL territory.

If there is anything that is outshining piggyback on the SCL at this time it would have to be industrial development. SCL marketers report that ID took off earlier in the year at a snail's pace, but it gathered steam and "it's stronger now than it has been for several years." In the first three quarters, ground has been broken in SCL-served areas for new industrial plants that will generate $16.5 million annually in rail revenues. In the same period last year, this figure was $10.2 million. Like piggyback, ID is tied in closely with the general economy's trend line.

As is true throughout the industry, SCL—and The Family Lines—are leaning heavily on the computer, on data processing, to improve efficiency, productivity, service and service predictions, and just about anything else required to run a railroad. One SCL veteran goes so far as to say that, without the computer, they would still be working on whipping the ACL-SAL merger into shape. It would be virtually impossible to achieve any of the goals set for The Family Lines without assistance from the computer.

"From a traffic standpoint, the SCL and L&N are, for all practical purposes, operating like a single line," says Horace M. Emerson, vice president-freight traffic for both lines.

Little wonder, therefore, that one of the top priority assignments under the consolidation plan was the rapid blending of management-information services of the two lines. December was flagged as the month in which the two data processing systems were to be unified. Sam Alward, who in addition to his dual assignments with SCL and L&N is also president of Cybernetics & Systems, Inc., an L&N subsidiary specializing in computer counseling, says that the best of the data processing procedures of the two lines are being incorporated into the consolidated system. Ultimately, like SCL itself, The Family Lines' MIS will be headquartered in Florida's largest city, Jacksonville.

SCL is using data processing to do just about everything that other railroads are doing to help maintain controls: keep tabs on yard and train performances, prepare reports for various departments as well as the chairman of the board, analyze traffic patterns, prepare repetitive coded waybills, inform maintenance engineers of traffic densities so that track programs can be planned more efficiently, perform watchdog services on motive power utilization and on efficiency of equipment repairs, keep an inventory

Operating departments aren't consolidated but, notes David C. Hastings, SCL's vice president-operations, close cooperation is cutting costs and improving service.

Samuel A. Alward is vice president-management information services (MIS) for the two lines. MIS is playing an indispensable role in achieving goals set for the Family Lines.

systemwide of materials and supplies, forecast loadings and revenue, and on and on.

● **A fast pace in modeling.** SCL and L&N are probably a step or two ahead of any other railroad in the country in the development of computer models for simulating flow of traffic over the rail system. Predictions made thus far by the models have been remarkably accurate, says Alward, and if they say to go ahead with a real-life activity, then it is reasonably safe to go. An important aspect of computer modeling of traffic flow is that transportation people must have confidence in its output.

Computer modeling is winning over even the most stubborn advocates of doing things "the way we've always done them." As an example of what the modeling can do, L&N sought—and eventually got—a prediction on the size of a run-through train it might hand over to SCL at Atlanta for termination in Florida. The prediction: an average of 79 cars. In actual practice, the average has been 83 cars. The computer model also predicted the northbound train would average 75 cars; the actual average came out to 68 cars. The predicted transit time improvements came out right on the button.

Alward sees computer modeling going beyond serving merely as a planner of transportation activity. Someday it could easily become involved in the actual direction and control of operations. It could even become involved in simulating financial or corporate programs.

For the present, though, data processing is being used extensively to help SCL management run the railroad; it is especially helpful to the operating department. And, David C. Hastings, vice president-operations, says he can use all the help anyone wants to offer to keep soaring costs from outstripping revenues.

SCL's operating ratio through the first half of the year was running at 72.76, down 1.03 points from the level of the similar period last year. "We carry our operating ratio out to 1/100th of a point, because in an operation the size of ours, just one-tenth of a point represents a whale of a lot of money," says Hastings. Consolidated revenues of The Family Lines including the Clinchfield and Georgia railroads (which are jointly leased by SCL and L&N), totaled $800,038,000 for the first nine months of the year. With SCL accounting for a large share of these consolidated revenues, it is easy to see why Hastings watches his operating ratio very closely.

Being able to get an operating ratio to drop these days is the next thing to an impossibility, Hastings adds. Rising costs face operating men everywhere they turn—service costs are up, materials are going up about 10% a year. But the one that really hurts, Hastings says, are the rising labor costs, which are going up at a rate greater than 10% a year. "Unfortunately, we haven't had any off-setting increases in rates, and just how much longer we can hold our operating ratio at its present level, I don't know."

Although the SCL and L&N operating departments are not consolidated, their activities are definitely coordinated. These cooperative efforts—in runthrough and unit train operations, in yards, and so forth—are helping to keep costs down, and they are helping to improve service, which helps attract more business. Hastings points in particular to piggyback traffic out of the Midwest which is showing a marked improvement due primarily to SCL-L&N cooperation.

● **There's more.** There are other bright spots which Hastings likes to point to. Auto traffic is up, saddleback truck traffic is up, too. Ports at Tampa, Miami, Savannah, Charleston, Portsmouth—and Jacksonville especially—are receiving tremendous import business. "So we've got trains hauling Toyotas and Volkswagens inland from the ports and others bringing automobiles from American plants," he adds. "When you've got them running both ways, you can't beat that." SCL has cars in the Vert-A-Pac pool, with unloading facilities for subcompact Vegas at Jacksonville and Tampa.

Unit train operation, mainly for coal, has picked up since the closer affiliation with L&N. "We have about 10 unit coal trains operating on our railroad every day," says Hastings. Also, there is the phosphate operation out of Florida's Bone Valley to Tampa, involving 65-car dedicated covered hopper trains. MATES, the locomotive slugs jointly developed by SCL and General Electric, are invaluable aids in operating these trains, says Hastings. Another 15 MATES units were ordered for delivery this year. Considerable experimentation is now being carried out to see how they will perform in other types of service.

SCL never has been one to sit back and let the other fellow do it. An extensive study of train slack action was conducted recently on SCL, with railroad personnel taking an active part. A freight car truck investigation is being conducted, with SCL again deeply involved. SCL has three locomotive simulators for training prospective engineers. The road is now in the midst of adding a fleet of mobile customer service offices throughout the system. And then there are the 17.5 acres of land adjacent to the handsome SCL headquarters along the St. Johns River in Jacksonville, which are the subject of feasibility studies that could lead to erection of a commercial-recreational center.

If any business leaders in the Southeast have had doubts about rail service being able to keep pace with the stepped-up activity projected for the region over the next decade, they can forget about them. On the other hand, maybe they will have to quicken their pace to keep up with the Seaboard Coast Line. ■

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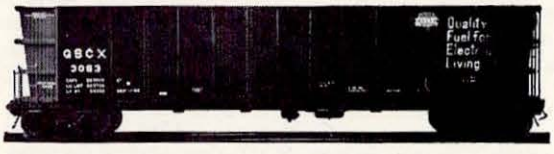

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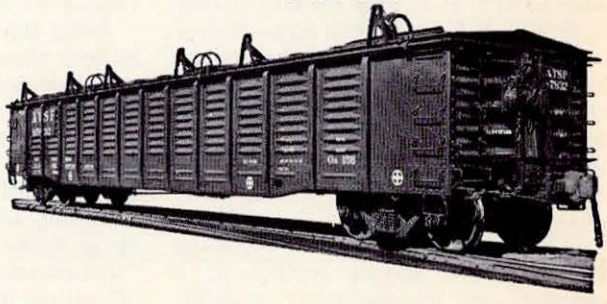

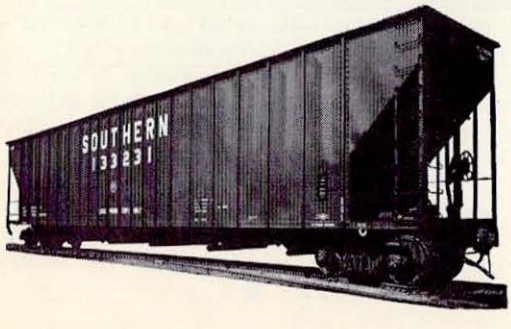

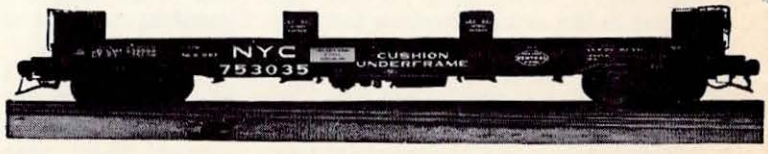

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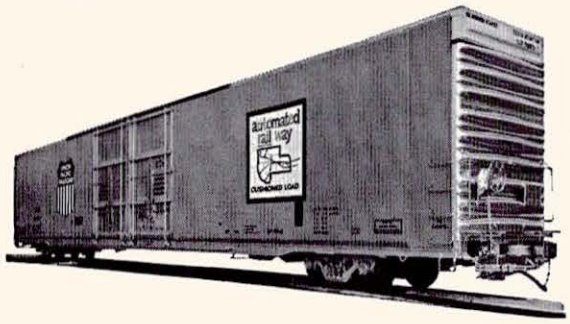

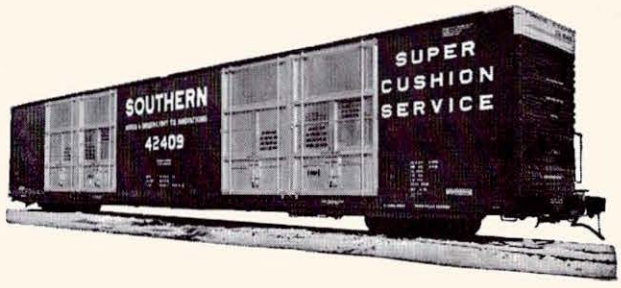

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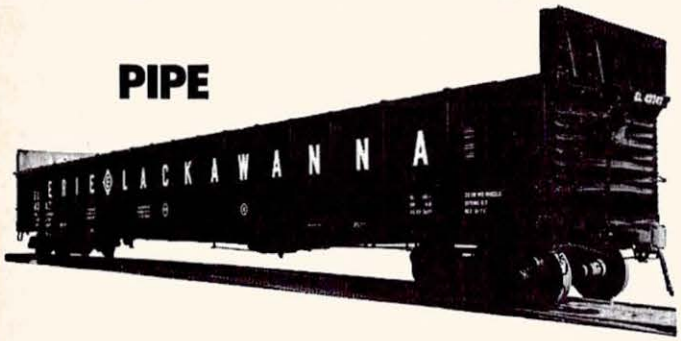

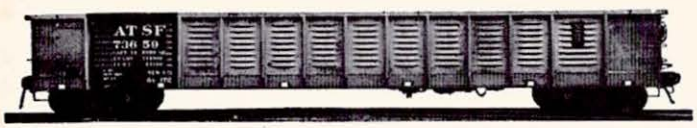

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A RAILROAD MARKETING MAN WARNS:

"Big solutions are demanded – and

"No new mistake can be as serious as the mistake of holding fast to our disappearing conventional and historic market"

By GEORGE R. WALLACE*

Marketing is the systematic implementation of the basic business idea, i.e., assemble people, property, and techniques so as to provide for sale something useful enough or desirable enough that income is greater than expenses.

The key word is systematic. All commercial enterprises have elements of leadership who want to grow rich and to expand the business. Notwithstanding, a little reflection will show that we are all acquainted with enterprises that give little evidence of any serious effort to achieve these ends.

To be entitled to be called systematic, the marketing effort must include these elements: 1) the processes, products and techniques of the enterprise must be analyzed and conceptualized; 2) the present and potential customers—the market—must be similarly treated; 3) the shortfall between intent of the enterprise and intent of the market must be reconciled; 4) changes then suggested must be engineered, costed, and sold to the management; and 5) implemented and sold to the trade. These are broad activities in any business, so detailed discussion of them will be limited to marketing the railroad.

Railroad freight marketing is of relatively recent origin. This is not to suggest that railroads of the past were not widely and sometimes wildly innovative. Most of this happened a long time ago and an inescapable fact of railroad business life makes it hard for us to think of the railroads as commercially aggressive. Since this same fact makes railroad marketing an unusually involved task, we have to look at it. The fact is the uniquely heavy, long-range, single-purpose nature of the railroad capital commitment. The British speak of the physical road property of a railroad as "the permanent way" and they speak well. No other major industry grosses only a third of its capital in a year; no other business has as heavy a burden of debt compared to sales. Railroad capital applications of many types may never be depreciated. There are numerous railroad debt structures—leases and bonds—on which interest has been paid for over a century.

I emphasize this fact because I believe that understanding of the fabric of railroad commercial potential within the private ownership format must fail if it is not done within this frame of reference.

Once spent, the capital of a railroad has in the past largely determined the strategy, tactics and philosophy of its managers. This is particularly true of the heavily regulated, quasi-monopolistic maturity of the industry—roughly the period from 1890 to 1945.

Only when it became apparent that the market was moving away from the long-established range of conventional rail service to the point that the survival of the enterprises themselves was called into question did U.S. railroads take the first steps toward marketing.

This railroad marketing effort has not yet provided the industry with enough answers to put it on a healthy footing. In the east the railroads are hardly on a survival basis. In all probability, without marketing results, they would currently be in still worse shape.

At first, railroad marketing was taken seriously by a small minority of companies—Southern, New York Central, and probably the St. Louis-San Francisco were among the first. As the idea caught on, other lines joined the ranks although more than one tacked the marketing tag on their rate department, sales department or statistical section to mark the limit of their interest. Difficulties besetting the early efforts were many. There was inevitable conflict between the preformed thinking of veteran railroaders and the impatience and inexperience of young people with formal marketing training. Some considered marketing to be primarily the generation of statistics, others thought of it as a form of industrial engineering, or of schedule improvement or of rate reductions. With few exceptions, owners and top managers were too little involved and were looking for instant wisdom rather than an arduous restructuring of the established fabric of their respective companies.

To a degree, these difficulties continue to be the major stumbling blocks to the railroad marketing effort, but time and experience has generated a better awareness of marketing methodology even if the crucial nature of what it can supply the railroads is still a matter of some skepticism. This is only natural. The youngsters "know" they can save the railroads. The top brass figures that is their job, and they have an ally in Robert Townsend, the spectacular former head of Avis who in his book "Up the Organization" states flatly:

"Marketing, in the fullest sense of the word, is the name of the game. So it had better be handled by the boss and his line, not by staff hecklers."

Marketing specialists and railroad presidents, however, must bow both to the size of the problem of the transportation market and the speed with which it is moving and changing. Big solutions are demanded, and now.

Since the need is now, let's get into the basic marketing exercise. The first element is the analysis and conceptualization of the railroad property and its capabilities. First among the assets is the charter to operate. Some are broader than others—examination of the rights and privileges that a railroad really owns and controls sometimes shows shocking differences from what everyone assumes. The charters, leases, trackage rights, terminal agreements, etc., will repay study.

The physical property is always variegated, but it will include a line of ownership—or sometimes other forms of access—stretching between the properties of others, boundaries, connections and other terminations. This ownership has a number of uses. Normally it is laid with track and used to run trains of passengers and/or freight cars over its length. It can also be used for a pipeline, a powerline easement, a highway, either in lieu of the track, or elevated above the track, air rights for buildings or other static land uses. All these possibilities and their economic potentials need to be explored. The track itself can be high speed or low speed, heavy or light, good or bad, depending largely on the money that has been spent on it, but also on the basic geography over which it is laid. Exploration of all these capabilities—as well as the concomitant non-capabilities—are part of the marketing job of

*Mr. Wallace is vice president-marketing of the Penn Central.

now"

AUTHOR GEORGE WALLACE presides over marketing strategy session at Penn Central. Left to right, Paul W. Olson, director-market planning and research; H. Porter Morgan, director-system equipment and service; James E. Musslewhite, director-pricing; Wallace, vice president-marketing; R. Thomas Schoonmaker, assistant director-market planning; Steven M. Suchanec, manager-market research.

maximizing profits. The same type of examination must cover all the motive power and equipment, special facilities, everything in short for which the owners have paid and which may be useful in generating net revenue.

The marketing officer must make every effort to get beyond what passes for costing in the railroad industry today to find what a selected movement actually produces in the way of revenues and expenses. On a large diversified system it is axiomatic that system average costs applied in any particular circumstance will give too high a cost 50% of the time and too low a cost the other 50% of the time. Additionally, no present system of railroad costing provides an answer to the all-important question "what is the money effect of any new movement on the rest of the business?"

Now a similar curiosity and investigation must be turned on the customers, present or future. There are basic elements in this effort. In marketing the railroad, some of the most important are: 1) every product and many services embody some transportation cost; 2) no one will continue to buy transportation to put into his product or service unless he has to—that is, when he can find no cheaper alternative. In one sense all transportation costs are nuisance costs. 3) The larger a percentage of the value of a final product that has gone into transportation costs, the larger the potential sale and the more vigorous and discerning the buying effort of the customer. 4) New departures in transportation must not only save money, but must solve more daily problems than they raise. An ultimate or optimum system usually will not stand the test of the imperfect world. 5) Only the desperate customer will tell his supplier everything. The essence of successful buying is to mask some part of the value to the user of what is bought. It is the job of the marketer to find and quantify all the pros and cons of major transactions so that the customers' needs will be met and particularly so that the railroad's need for a profitable market will be met at the same time.

Applying all these concepts to the whole bulk of U.S. industry is a big order. One of the important jobs of railroad market research—perhaps its most important—is to scan the railroad's market area in the fashion of a radar set to identify likely areas of concentrated tonnage potential, particularly that move by other modes. (If it is moving by other railroads, sales should already know about it.) Another job of market research is monitoring of the industrial installations and potential resources of the area that are not being worked to capacity or are being worked in such a way as to avoid transportation charges, even at the expense of possible profits. This is where the raw materials of prospective opportunities are brought into the house.

A most valuable and often overlooked source of market research information is the first line of railroad customer contact: the freight agents and the field sales representatives. While their knowledge is usually not systematic, in total it is immense. The company has paid for it, but often makes little or no use of it. Trying to do the most with the least, the marketing officer cannot afford to pass by this information bank.

When a solid opportunity has been identified, we get to the market planning and development stage. We have found that on balance more progress is made if the job of development is taken in bite-sized pieces. Generally speaking, if a marketing project is worth doing at all, it demands knowledge, background and inquiry patterns for which no one individual is fully fitted. We have found that a combination of one or two people with on-going responsibility in a market area, joined by others with a range of abilities forming ad hoc project teams to complete important studies usually produces the best results.

Effective marketing necessarily involves operations, equipment, accounting, computer systems and often maintenance-of-way and facilities. If these interests with their problems and specialized knowledge are brought into a project early, lost motion is minimized. Ideally, a skeleton staff of people possessing these skills will be under marketing direction so that in each project they will be trying as hard as possible to solve the difficulties that inescapably arise rather than obeying possible prior instructions from other departmental officers.

It is a truism that we never know everything about the effects of a marketing project, particularly in the commercial area, and usually the more we know about a project the better off we are. This truism under today's business circumstances quickly runs into the area of diminishing returns. The peril of exhaustive and wide ranging study is the inordinate consumption of time. Railroads do not have time, and leisurely academic type research is out. This means the head of the marketing effort must be an experienced person with a feel for when a project is ripe to be turned from research to conclusion. Marketers are typically highly motivated types. They are usually intelligent and enthusiastic. This sort of person gets involved in his work—that is good. Sometimes he also gets convinced about the superiority of his intelligence—this is not so good. At least one man in any marketing project team should be specifically given the job of 'devil's advocate,' to shoot down any and all high-flown assumptions that sneak in masked as facts. The product of the group's efforts will be case-hardened and im-

proved thereby. If an idea cannot stand in the protected atmosphere of the slide rule and drawing board, it is not apt to be useful out in the hard, cruel world.

Once the capability of the railroad has been tied together with a significant need of a shipper in a completely evaluated, engineered and costed package, the hard part of marketing begins. This job is to convince management of the railroad that the opportunity is real rather than imaginary, that the figures are correct—in short, convincing them that their marketers are in their right mind.

Even if all these challenges are met, there remains the problem of new capital. As already indicated, one of the things the marketers did if they performed their job right was to try in every way possible to incorporate capital tools already on hand. Where it is absolutely necessary to bring in new capital, the marketer should have attempted to have the buyer assume part or all of this burden—assuming he has some money. Of course, the railroad's financial return must be traded off in sufficient amount to attract the shipper's capital and if the shipper is exorbitant in his expectation of return, no deal is possible since today few railroad profit returns are that good. Failing all these, the marketer still has to go to his railroad for new money.

Money is a scarce commodity in most railroad circles. It commands a high price and must be carefully protected. The marketer will make the fewest mistakes here and gradually create the most confidence with his management if he considers the company's money as if it were his own. The railroad marketer exists to serve the profit objective of his company and his industry, not to spend large amounts of money, publicize his own abilities or necessarily provide an answer to prayer for the suppliers of equipment and facilities. Prudence, adequate return and a high degree of certainty are all demanded. Here is the exact point where many potentially excellent marketing proposals fail to get off the ground.

It is at this same point where railroad management is most apt to fall down. As the marketer fulfills his responsibility, so too the members of the finance committee must fulfill their responsibility as well. There is inadequate understanding in the railroad industry today concerning financial decisions in which the new investment increases the gross revenue. Conventional R.O.I. analysis will properly evaluate a new tie tamper, an investment having no direct effect on the gross, but rather one designed to 'save money,' i.e., increase the net. When the gross is to be changed, an entirely different story exists in a highly leveraged situation such as the railroad where overcapacity is a chronic problem. Here, inescapably, the effect of a 'go no go' financial decision affecting the gross will be magnified in its impact on the profits of the company. "What we have never had, we don't miss" is the aphorism covering many missed profit opportunities resulting from railroad managements' reluctance to cover their marketing bets with real commitments on the part of their companies.

One of the greatest needs of the railroad industry in its search for economic health is further development of understanding between management, its other departmental functions and its marketers. Railroads are large bureaucratic organizations sometimes almost crystalline in their inflexibility. The industry-wide codification of procedures through the AAR will serve to point up this fact: In car service, in claims, in accounting and billing—to name just a few—the answers are all in the book. There is much good in standardization, but it is no friend to flexibility and change. Properly motivated marketers on the other hand are capitalists, probably the only committed enterprise capitalists on the property. If the goal of marketing is to establish or enlarge the black figure on the bottom line of the income statement, the marketer must think of all contributory factors as fluid or variable. Of course, neither of these extremes will be seen completely in any actual management situation. The measure of new business, however, will be the degree to which the two points of view can be made to blend their purposes and to understand each other.

We are now past the first blush of pioneering enthusiasm and the inevitable pioneering mistakes in railroad freight marketing. Data tools are gradually being improved; there is room for hope even in the costing area; new trains, new services, new tonnages dot the railroad landscape; in most railroad marketing efforts the purveyors of mystique have given way to hard-working mechanics dealing with economics and money.

What is urgently needed still is the tempo of urgency and the philosophy of commitment. If we are going to successfully meet enough shipper needs to survive as an industry, the time for business as usual is long past. Time, for railroads, is moving as fast as the thousands of trucks on the Interstate Highway system. We are going to have to take some chances and certainly make some mistakes. No new mistake can be as serious as the mistake of holding fast to our disappearing conventional and historic market. There is an expanding need for transportation. It will continue to expand for the foreseeable future. Our job is to blend that expanding market with the potentiality that exists in the railroads' properties. It may not be done, but that is not to say it cannot be done. I think it can. ■

LETTERS

13 transit myths

Charleston, W. Va.

To the Editor:

Your treatment of "13 myths. . ." in rail transit (RA, Nov. 13, p.20) is excellent. . . .

There is one error which should be corrected, however. The photograph on page 23 captioned "MONTREAL: Transit does nothing for real estate values?" is, in fact, a photo of the Toronto Transportation Commission subway station at Kings Mills on the Bloor-Danforth subway line in west Toronto. This is a high-rise apartment next to the line and along the river. The subway runs out of the ground, crosses the river into the station shown in the picture, and then goes underground again. . . .

John P. Killoran
Assistant Chief, West Virginia
Department of Natural Resources

(Due to a transposition of captions, Toronto's Bloor-Danforth line was moved to Montreal—and a Montreal Metro station pictured on the facing page was inadvertently attributed to Toronto.—Editor.)

Government intervention

Aberdeen, S. Dak.

To the Editor:

I want to compliment you for printing the excellent article containing statements made by Rock Island President William J. Dixon in the Nov. 13, 1972 (p. 13) issue of Railway Age. His ideas are the foundation of a free enterprise system which our nation has been departing from. Government intervention in the market leads to a less efficient system because human energy is most productive when it is free. . . .

Larry A. Whitney
Assistant Division Engineer
Milwaukee Road

Misplaced challenge?

Washington, D.C.

To the Editor:

I have read with interest your editorial of Nov. 27 entitled, "A massive challenge for p.r. and ad men." I think you have thrown the challenge out to the wrong guys. P.r. and ad men cannot do the job without the support of boards of directors for railroad policies responsive to public demand. . . .

Anthony Haswell
Chairman, National Association
of Railroad Passengers

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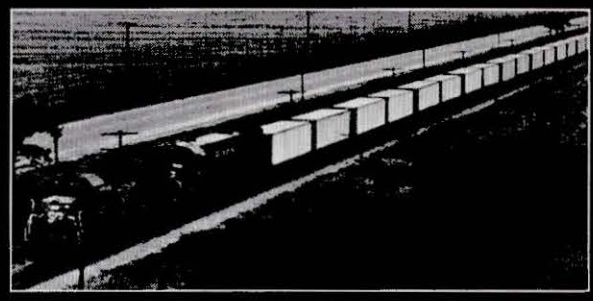

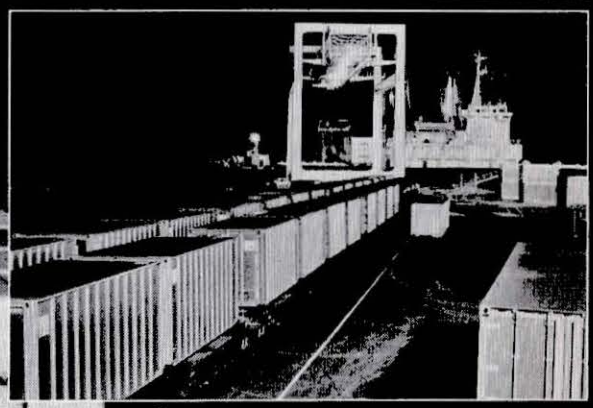

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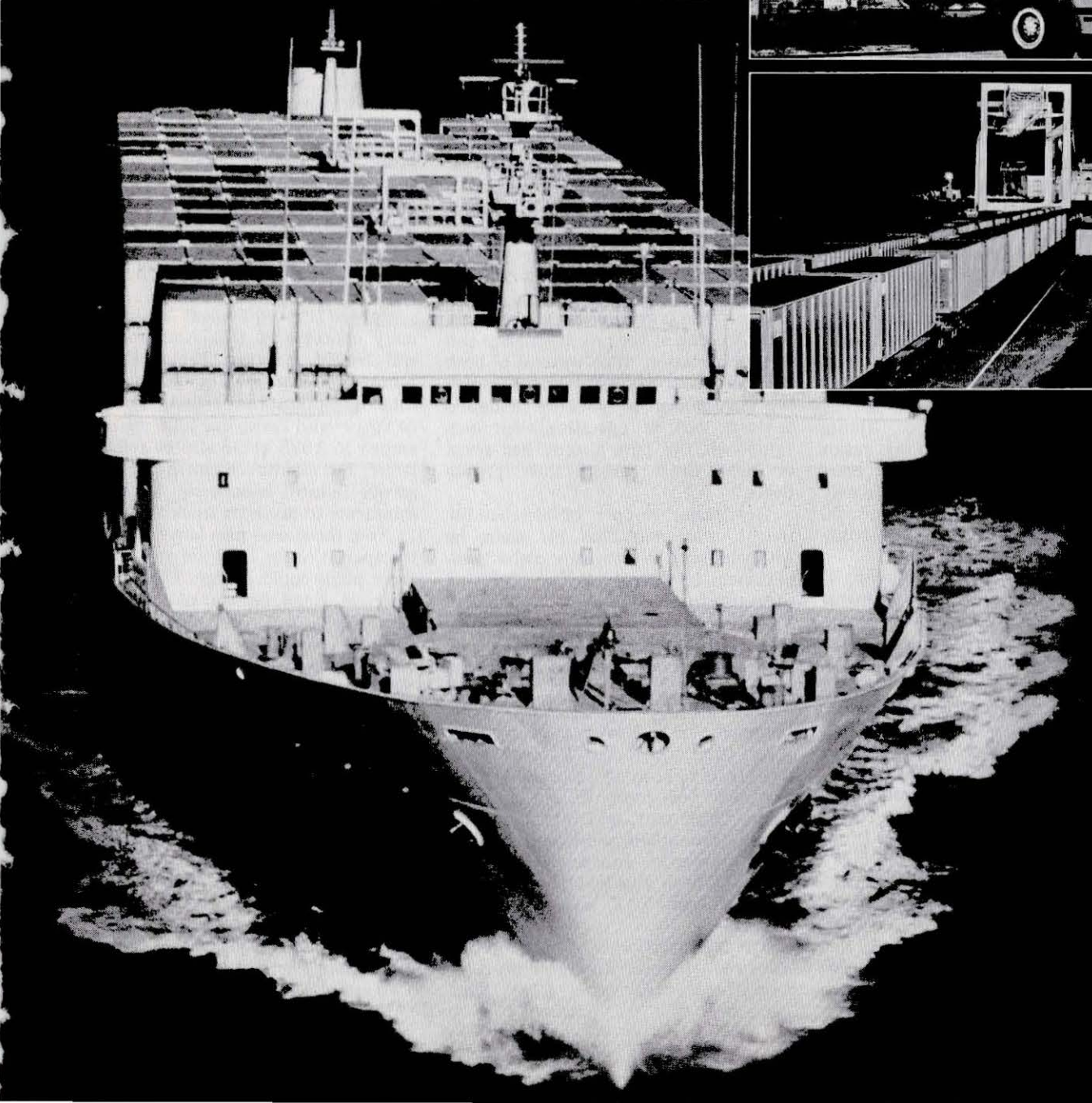

Shippers warn of shift to private carriage

Rising costs and service inadequacies are blamed for diversions from rails

Are railroads beginning to price themselves out of the transportation market? For a dozen shippers participating in Railway Age's December Traffic Poll the answer is "yes," or at least "maybe." They're serving notice that the increasing cost of shipping by rail, compounded in some cases by service and equipment inadequacies, is causing them to take a hard look at private carriage.

An overwhelming majority of the responding shippers, about 88.5%, expect their total transportation needs in 1973 to be higher than in 1972. But only about 50% expect to use railroads to a relatively larger extent. About 40% expect their use of rail transportation to be about the same. It is among the remaining 10% that the danger signals are flying.

William B. Smith, general traffic manager, Gamble-Skogmo, Inc., Minneapolis, expects "greater utilization of private carriage" in 1973. T.L. Gragg, director of material management, American Enka Co., Enka, N.C., says, "We have entered private trucking and plan to increase our fleet in 1973." C.C. Cory, manager transportation pricing, Firestone Tire & Rubber Co., Akron, identifies cost control as the major problem: "We will continue to exert extreme efforts to control continually increasing transportation costs. This will include expansion of private distribution."

● **"Too many problems."** Phillip T. Catalano, traffic and distribution manager, Steelcase Inc., Grand Rapids, Mich., warns that his company's use of rail service will be "much smaller" in 1973. Says Catalano: "Although we opened three new distribution centers in the last two years not one is served by rail carload. We anticipate this trend to continue for 1973. We are finding solutions to our service and cost problems in transportation by using private carriage, contract trucking and specialized furniture truckers. We are having too many problems with rail service—cost, equipment, service, reliability. Unless something unique happens in the rail industry soon, our need for rail service will continue to decline with the possible exception of TOFC."

M.D. Hill, supervisor of rail and air operations, Minnesota Mining & Mfg. Co., St. Paul, says 3M is "using more private carriage, contract carriage, and irregulate route common carriage than in the past. This trend will continue in 1973. The reasons for this are to gain more flexibility and reduce transportation costs. At the same time we are contacting the marketing departments of railroads to see if they are interested in making bids to handle traffic moving via motor carriage."

H.T. Devine, general traffic and warehouse manager, Whitehall Laboratories, New York, anticipates "entry into private carriage in selected traffic lanes."

Still in the study stage is Hoerner Waldorf Corp., St. Paul, whose director of transportation, D.C. Ward, says: "In order to mitigate increased cost by rail and motor common carrier, we will investigate private and contract trucking operations."

J.J. D'Arcy, general traffic manager, Congoleum Industries Inc., Kearny, N.J., observes that "there seems to be a definite swing to private carriage, particularly on long haul."

Richard J. Petska, manager of the Cedar Rapids (Iowa) Chamber of Commerce Transportation Bureau, comments: "Many of our local firms are going to look at the private carriage end of transportation. With the cost of both rail and motor carriage going up, some top management people have requested a closer look at operating their own equipment. We have already had seven or eight firms enlarge their private fleets."

One major shipper of merchandise freight, who asks that his name be withheld, says his company plans "establishment of private trucking operation to handle freight now so poorly handled by railroads. This is because of their slow, undependable service rendered by people with poor attitudes toward the shipping public."

H.D. Barnard, manager of traffic, Diamond Fruit Growers, Inc., Hood River, Ore., anticipates "a steady trend away from rail carriage, especially in the movement of fresh fruit. Unreliable service, high cost, and inadequate car supply has resulted in a steady trend to truck movement, and to date rail carriers have been unable, or unwilling, to stop the erosion of their tonnage to trucks."

The rate question is of prime importance to Arthur C. Roy, general manager-traffic, Pennsylvania Glass Sand Corp., who warns: "Rail freight rate percentage increases can well drive business to other modes of transportation. Rates have now reached the point where motor carriers can compete for this heavy bulk movement to practically all tonnage destinations."

Service and equipment are the primary concerns of O.E. Anderson, general traffic manager, Penick & Ford Limited, Cedar Rapids, Iowa: "Our total transportation needs in 1973 will be larger—and I wish our total use of rail service in 1973 could also be relatively larger. But continued car shortages and service failures relentlessly force more shipments to move via truck."

Even those who plan larger use of rail transportation in 1973 are warning that these plans could change. For example, Henry M. Karel, director of distribution, Cleo Wrap Corp., Memphis, says: "We need to use rail service to a greater extent than in the past due to the fact that we intend to increase our use of warehouses in various marketing areas. We also intend to increase our use of piggyback. We are, however, concerned with railroad service, primarily travel and terminal handling time. If the railroads cannot improve on their 1972 performance, we will be forced to move our freight via other modes in order to protect our customers' interests."

● **Piggyback still a winner.** Among those who will use railroads to a greater extent in 1973, piggyback service is more often than not given as the reason. Two sample comments:

December Traffic Poll

1. How do you expect your company's over-all business in 1973 to compare with 1972?

Better	101
Same	12
Poorer	1

2. How do you think your total transportation needs in 1973 will compare with those of 1972?

Larger	101
Same	12
Smaller	1

3. In relation to your probable transportation needs in 1973, how do you expect your total use of rail service to compare with 1972?

Relatively larger	56
Same	46
Relatively smaller	12

Frank Juranek, general traffic manager, Clark Equipment Co., Battle Creek, Mich.: "Aside from a few dimensional loads, our rail growth will relate to additional piggyback and COFC usage. New flexibility in that mode of transportation is returning some of our traffic to rail movement."

G.M. Powell, vice president, Federal Compress & Warehouse Co., Memphis: "We expect a rather substantial switch in shipments of compressed cotton for export away from box car loadings to piggyback."

● **Grain bonanza.** One extremely bright spot on the 1973 traffic picture—barring equipment shortages—will, of course, be grain movement. D.J. Russell, director of transportation, Minneapolis Grain Exchange, sketches this picture:

"Movement of the quantities of grain sold for export in this crop year will require the efficient use of every railroad car, truck, barge, lake vessel and ocean vessel which can be assigned to such service, while giving appropriate consideration to normal domestic movements of grain and grain products, and the needs of other segments of our rapidly expanding economy.

"Agricultural productivity is one of the great success stories in America. Given the obvious need to improve our balance of payments position, the increasing need to finance imports of energy fuels and the desire of the USSR and other countries to upgrade their people's diets (i.e., provide more meat), exports of wheat and feed grains are likely to continue at high levels for a long time. Our western railroads have all the grain business they can handle right now. They are getting geared up to handle more. Hopefully, a national transportation policy will evolve which will encourage the movement of all types of traffic by whichever mode or combination of modes can get the job done most economically. In such a transportation utopia, the railroads' share would probably be much larger than it is today."

● **The other side of the coin.** While that "transportation utopia" is still far away, there remains a considerable number of shippers who find railroad service, with all its shortcomings, superior to the alternatives. Railroad men can take some comfort in the list of customers who plan to increase their rail business in '73. This list includes such substantial shippers as Dow Chemical, Fruehauf Corp., Coca-Cola USA, Reynolds Metals, Kaiser Gypsum, American Standard, Kimberly Clark, Pacific Lumber, F.W. Woolworth, Evans Products, Swift Fresh Meats, Jos. Schlitz, Nabisco, Continental Can, A.O. Smith, and American Tobacco Co.

But in coming months it is likely to be "the big one that got away" that will be the main concern of railroad marketing men. ■

Watching Washington

REID BEDDOW

JOHN INGRAM STAYS

Just a few days ago, when rumors were flying that John Ingram would be asked to step down as Federal Railroad Administrator, one railroad man close to DOT affairs observed that while Ingram might not be universally loved, he *was* universally respected, and added: "The really smart guys in this business are hoping that Ingram will stay—and put FRA on the DOT map." Ingram, who has been at DOT just over two years, apparently is going to get that opportunity. He is one of only two or three top first-Administration DOT men who will go into the second Administration.

One whose time is up at DOT is Carlos Villarreal, Urban Mass Transportation Administrator. In telling friends that the President had accepted his resignation, Villarreal noted that he had been in the job for four years and that it was felt that this was long enough to achieve a program. Villarreal did achieve major goals, and leaves a solid record of accomplishment. His successor at UMTA will be Frank C. Herringer, 30, a former New York management consultant who has been a White House aide. While he has no transit background, he is a loyal Nixon man.

Another change of great interest to railroad men is the appointment of Emil Krogh Jr. to succeed James M. Beggs as Under Secretary of Transportation. Krogh has been executive director of the Cabinet Committee on Narcotic Controls and White House aide for District of Columbia matters.

WHY BRINEGAR?

It was a chipper and exuberant John A. Volpe who announced his resignation as DOT Secretary on Dec. 7 and the achievement of a "20-year ambition"—to become U.S. ambassador to Italy. Minutes before, at Camp David, President Nixon appointed Claude Stout Brinegar, 46, senior vice president of Union Oil Co. of California, as Secretary. There was immediate speculation that the selection of an oilman for the job might help to carry automotive and road interests into support of diversion of Highway Trust Fund monies to mass transit—a goal to which the Administration is committed, and a likely priority item on the agenda of the next Congress. It was also pointed out that the Administration might well view Brinegar as a representative of the shipping community: 17% of Union's multi-billion-dollar business depends on domestic shipments.

At the same time, Union Oil's record as a "polluter" of Santa Barbara beaches, and as a stalwart opponent of attempts in California to divert some gasoline taxes to mass transit, brought criticism of the Brinegar appointment from environmental and conservation circles. While it is likely that Senators will closely probe his attitudes on these subjects, his confirmation can be regarded as close to certain.

Presidential Press Secretary Ronald Ziegler told newsmen it was wrong to describe Brinegar as an "oilman" and said the Secretary-designate will divest himself of stock in Union. Ziegler said Brinegar is "a capable economist, manager and statistician. . .a highly qualified manager."

Volpe's departure is sincerely regretted by most persons here. A gallant scrapper, loyal to subordinates, a good friend of all transportation modes, his popularity has never been higher.

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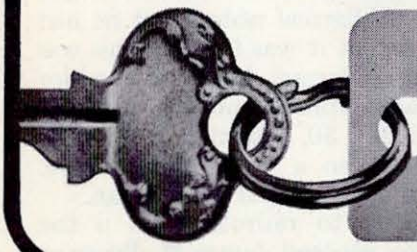

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After the early years when finance was a problem, the subsequent evolution of the Duluth, Missabe & Northern (merged into the DM&IR in the 1930s) has been marked by tooling to do the most efficient of transportation jobs in an area where railroads are pre-eminent—handling bulk materials. This has involved utilization of cars and locomotives of high capacity combined in trains of length and weight which have been rivaled only recently elsewhere. *Price: $12.95; Golden West Books, P.O. Box 8136, San Marino, Calif. 91108.*

THE ST. LOUIS-SAN FRANCISCO TRANSCONTINENTAL RAILROAD, by H. Craig Miner. The reason why a railroad known today as the "Frisco" extends from St. Louis southeast to Florida and westward only to the Texas panhandle is explained by this volume. The book's subtitle, "The Thirty-Fifth Parallel Project, 1853-1890," indicates the aspirations of organizers of the pioneer company who transformed the South West Branch railroad of Missouri into the Atlantic & Pacific soon after the Civil War. The goal was establishment of a snow-free route to the coast followed by a push north to San Francisco. Five different railway corporations attempted to do this between 1850 and 1890; all failed due to accidents of timing, faulty administration, labor troubles, fickle public sentiment and apparently the whims of fate. In the Frisco history are names such as John C. Fremont, Jay Gould, C.P. Huntington and Joseph Seligman. Santa Fe took control of the Frisco in 1890 and itself went into receivership in 1893. In the reorganization, Santa Fe retained A&P's Western Division which is today the Santa Fe main line across New Mexico and Arizona. Some years previously Frisco had been forced to relinquish the land grants that had led to the building of this isolated western section. The author, who is an assistant professor of history at Wichita State University, observes that this investigation of the thirty-fifth parallel project provides an excellent case study of the tragedy involved in corporate dependence on congressional promises made under the influence of boom psychology. *Price: $8.50; University Press of Kansas (Lawrence, Manhattan, Wichita); illustrations, maps; 236 pages.*

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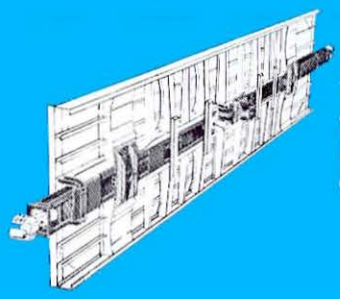

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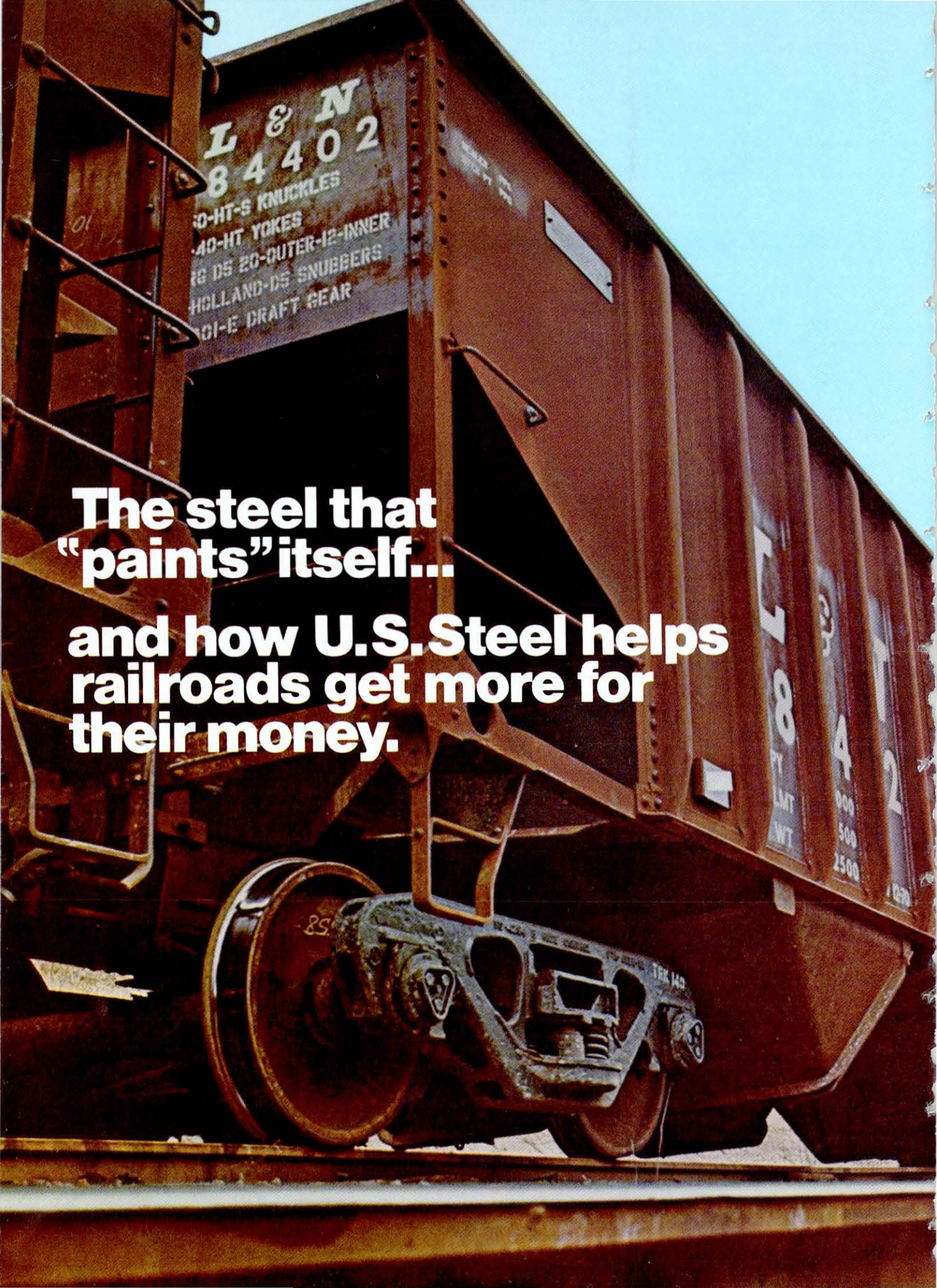

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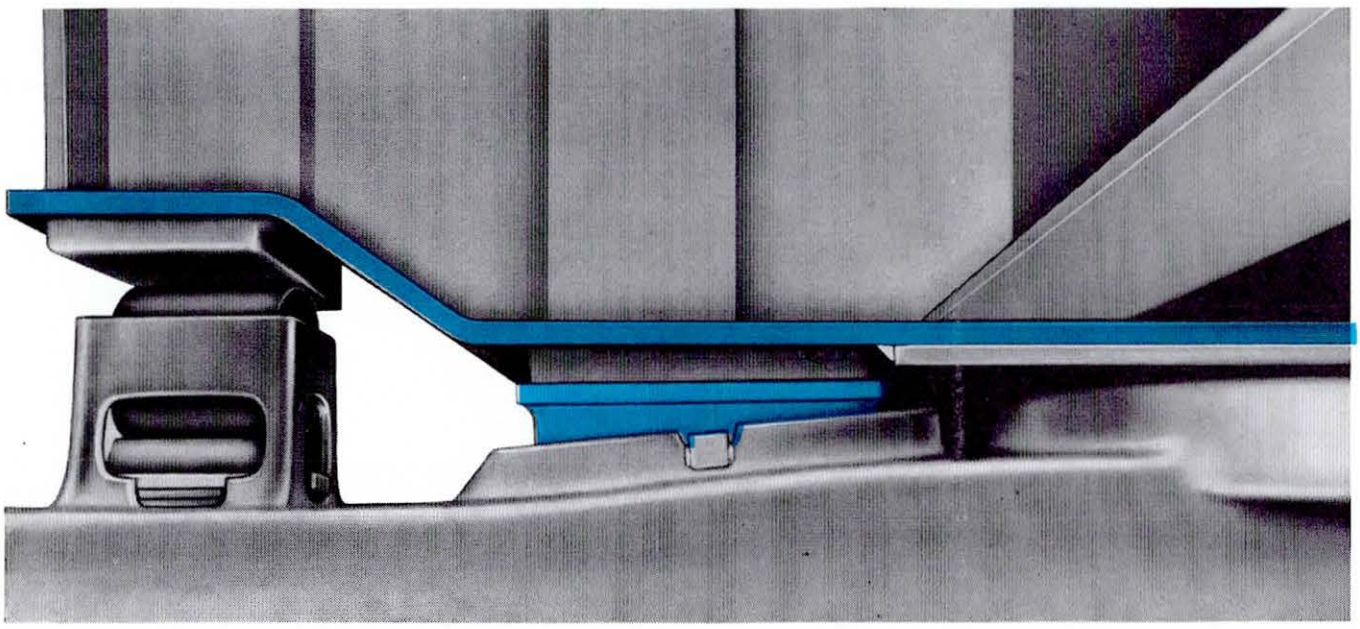

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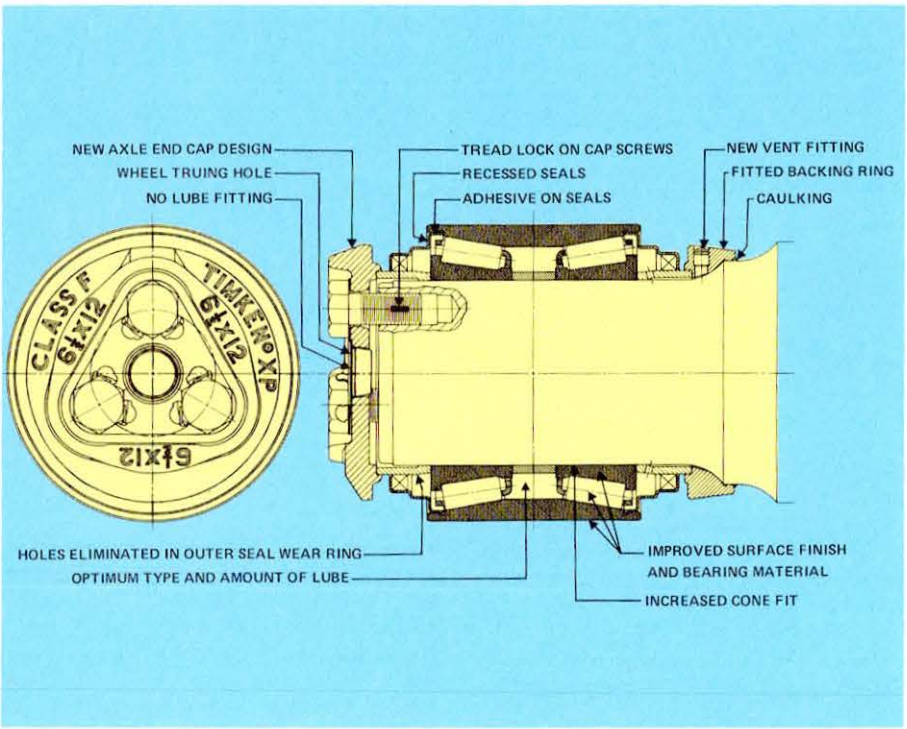
New Products Report



Timken "XP" bearing boasts longer life

A "sealed" railroad roller bearing designed by The Timken Co. to operate without relubrication or reconditioning for 600,000 miles or for a 10-year period—whichever comes first—is about to embark upon a four-month field performance test under the watchful eye of railroad and Timken engineers.

The product of an extensive research program that included an 18-month study of bearing performance on 27,000 freight cars, the new bearing—called "XP" for Xtended Performance—is expected to save $200 to $1,000 in maintenance costs in the 600,000-mile/10-year period, plus another $30 in periodic relubrication charges in that same period. The cost of the XP bearing is expected to be about 15% higher than the popular Timken "AP" bearing, according to J.W. Thomas, general manager-sales of Timken's railroad division. The AP was introduced in 1954.

By coincidence, the new XP is making its appearance at a time when bearing applications on the active freight-car fleet are about to swing in favor of the roller bearing. The plain bearing, on 51% of the fleet, is expected to lose its advantage sometime in the approaching year.

In January, Timken expects to initiate production of 400 carsets, or $350,000 worth, of the new bearings. Mountings will be sought for a variety of car types that will have opportunities to operate in a wide variety of terrain, weather and speed and operating conditions. Application for AAR approval of the XP has already been made.

An important phase of the XP's development centered on component research. During the massive research program, several notable bearing features were developed, including: (1) recessed and bonded seals; (2) a fitted backing ring; (3) omission of holes in the outer seal wear ring; (4) a new cap screw thread lock; (5) an increased cone fit; (6) no lube fitting; (7) use of an optimum type and amount of lube; (8) improved surface finish; and (9) an improved axle end cap. Furthermore, additional improvements relating to bearing material and internal refinements were developed. Some of the features developed in the XP research program can be found in today's AP assemblies. XP grease is specially compounded to Timken specifications.

In their field investigations, Timken service engineers have discovered that loose and leaky seals and loose or missing cap screws are leading causes of setouts due to overheated bearings. If field tests substantiate what has been learned in the laboratory about the XP, these particular setout causes could be virtually eliminated.

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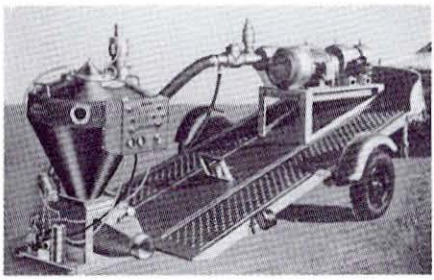
The first unconditional guarantee for an Exide Lightguard emergency lighting battery has been announced by the Exide Power Systems Division of ESB Inc. It applies only to the new Exide LEC-36 lead calcium battery—a three-cell, six-volt, maintenance-free battery—when used in an Exide Lightguard emergency lighting system. The new battery is rated to provide 36 ampere-hours at the eight-hour discharge rate, with an electrolyte temperature of 77 degrees F., and at an altitude lower than 3,300 feet above sea level. The battery can power as many as four 25-watt lamps for the minimum 90-minute emergency illumination period specified by the 1971 National Electrical Code and OSHA standards.

If the Exide LEC-36 fails at any time during the first five years of service, it will be replaced free. During the second five years, replacement is made with a prorated charge according to a published schedule.

Circle 61 on reader service card

PLACE AIRMAIL



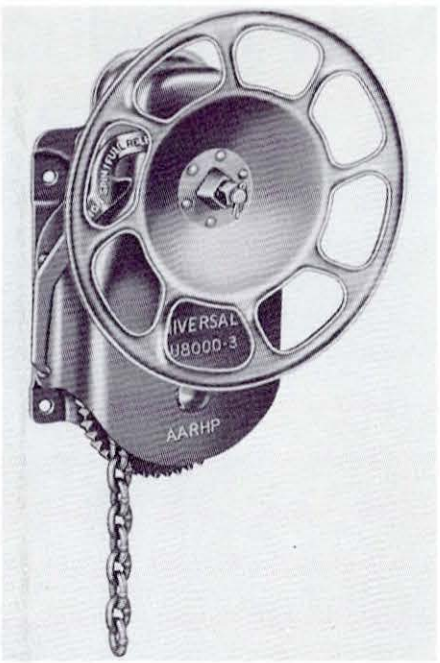
Trailer-mounted pneumatic conveyor is a versatile tool

A trailer-mounted pneumatic conveyor—Cyclonaire—has been announced by Hy-Mark Industries, Inc. Trailer mounting makes Cyclonaire suitable for use as an emergency unit in an existing material handling system, as a portable unit where no system exists and in more than one system for light use. The 14-ft 7-in. trailer is designed so that Cyclonaire can be stowed lying down during transportation. While operating, the unit stands erect and on the ground. Using air at 15 psi to move up to 100,000 pounds of bulk granular materials an hour, Cyclonaire is particularly suited to handle abrasive materials. It meets Food and Drug Administration requirements for human foodstuffs.

Circle 62 on reader service card

Hand brake is designed for all types of freight cars

A high-powered hand brake, the U-8000 with top release lever and the U-8000-3 with bottom release lever, have received AAR Certificate No. 53.



These Universal Railway Devices brakes are for all types and weights of freight cars, including those of 125-ton capacity, or more. Both have the same clutch mechanism in the drive shaft and the release mechanism used in Universal's 7400-3 and 2250 brakes. A 22-in. pressed-steel wheel, with one sheave, exceeds the AAR minimum power of 6,800 lb on the chain, maintaining a constant force level throughout the chain take-up travel. Chain-winding capacity permits use of a multiplying lever with the sheave wheel if additional power is required. Internal parts of the brake are forged to assure strength, toughness and long life. Release is immediate or gradual. Hand wheels remain stationary during instant release; vibration will not release either model.

Circle 63 on reader service card

Graffiti remover works on porous and non-porous surfaces

A newly available graffiti remover effectively removes grease crayon, spray paint, marking pen inks and other markings from most surfaces. Called Parko Ink-Solv, the remover is available from Parke-Hill Chemical Corp. The product requires neither special equipment nor special training. Maintenance crews can use it to remove graffiti from all types of porous and non-porous surfaces. No scrubbing or other physical abrasion is required.

Parko Ink-Solv does not leave a tell-tale shadow. As a result, no trace of the marks being removed is visible after they have been removed. The graffiti remover is supplied in quart containers and 30- and 55-gallon drums. It is priced as low as $2.24 a quart.

Circle 64 on reader serive card

People

AKRON, CANTON & YOUNGSTOWN.—**Kenneth B. Chilcot** named president and chief executive officer, at Akron, Ohio, effective Jan. 1, 1973, succeeding **E.R. Hostetter,** appointed assistant general manager, Atlantic Region, **Norfolk & Western,** which controls the AC&Y.

BURLINGTON NORTHERN.—**Gilbert E. Thiel,** trainmaster, Aurora, Ill., named assistant superintendent, Chicago division there, to succeed **William A. Thompson, Jr.,** advanced to assistant to Chicago Region vice president (RA, Nov. 27, p. 48).

Charles F. Muelder, utilities engineer, Chicago, named assistnat engineer environmental control. **Fred P. Page,** structural designer, succeeds Mr. Muelder.

CANADIAN NATIONAL.—**Stanley B. Hall,** freight sales manager, Prairie Region, appointed marketing manager for that region at Winnipeg, Man.

CHICAGO & NORTH WESTERN.—**J.D. Boyles** and **J.M. Tierney** named general sales managers, Minneapolis and St. Louis, respectively. Both territories are newly created general sales areas. **R.D. Balow,** general sales manager—north central states, assigned the Peoria region in addition to the Milwaukee, Chicago and Green Bay regions.

DART CONTAINERLINE INC.—**Conrad H.C. Everhard** appointed president, New York, succeeding **Jacques Leblanc,** effective Feb. 1, 1973. Mr. Everhard has served in Brussels since 1966 as director general for Europe and Africa, **Massachusetts Port Authority.**

DETROIT, TOLEDO & IRONTON.—**V.M. Malanaphy,** director marketing research and planning, Dearborn, Mich., appointed assistant vice president-marketing.

ERIE LACKAWANNA.—**Jack D. Heimbaugh** appointed district sales manager, Indianapolis, Ind., succeeding **John Carlin,** transferred to Seattle, Wash., to replace **Joseph D. Given,** retired.

ILLINOIS CENTRAL GULF.—In the Corporate Relations Department, **Robert W. O'Brien,** manager press relations, promoted to manager of public relations. **Frank Malone,** press representative, succeeds Mr. O'Brien.

MISSOURI PACIFIC-TEXAS & PACIFIC.—**Blaine H. Ockey** and **Paul A. Dunbar** named sales managers, Salt Lake City and Des Moines, Iowa, respectively. Mr. Ockey succeeds **John G. Jones** and Mr. Dunbar succeeds **Anthony M. Slosar.** Messrs. Jones and Slosar retired Oct. 31 after 36 and 43 years' service, respectively. **William H. Lanier** named assistant sales manager, Lubbock, Tex. In the Freight Traffic Department-Rates and Divisions, **Thomas M. Curley** named assistant general manager-pricing and divisions; **Kenneth M. Butcher** and **William R. Cunningham,** assistants to general manager-pricing and divisions; **Larry E. Merkel,** manager-special services; **Martin L. Holland,** manager-switching; **Robert A. Oebermann,** manager-administration; **Edmund J. Bradshaw,** manager-rate

ATTENTION!

Car Repair Shops

Be sure you are listed in this comprehensive directory

The February/March 1973 issue of Railway Locomotives and Cars will include a comprehensive directory of firms specializing in the repair and overhaul of cars on a contract basis. Commercial firms, railroad shops and facilities of private car lines which will repair cars for other owners are to be listed in this directory. There is no obligation. Just fill out the coupon or send the information on your letterhead.

Directory Editor
Railway Locomotives and Cars
29 E. Madison
Chicago, IL 60602

For the RL&C Directory of Car Repair Facilities which will indicate capabilities for handling railroad-owned and/or privately-owned equipment on a job-shop basis, the following information is submitted.

Company _____

Address _____

_____

(List branch offices and representatives on a separate sheet)

Shop Locations (Indicate also railroads serving each)

_____

_____

Special Cars Handled (Tank, covered hopper, passenger, etc.)

_____

Special Shop Facilities (Frame straightening, lining, hydrotest, etc.)

_____

_____

Signed _____

Title _____

Address _____

_____

W.J. Taylor
Santa Fe

Frank Bregar
Santa Fe

training; **Richard W. Craig,** assistant manager-rate training; **Wayne J. Carroll,** assistant freight traffic manager; **Charles D. Ernst,** assistant general freight agent, all with headquarters in St. Louis. **D.I. Doyen** appointed assistant freight traffic manager, St. Louis. **R.H. Haase** named assistant general freight agent-divisions, St. Louis. **John R. Colvin** named traffic manager, **Missouri-Illinois,** St. Louis. Mr. Colvin is also assistant freight traffic manager, **MP.**

T.P. Murphy, manager-special services, and **E.M. Sengheiser,** assistant to general manager-pricing and divisions, promoted to assistant general freight agents, St. Louis. **Thomas B. Arnold,** regional sales manager, St. Louis, retired Nov. 30 after more than 43 years' service.

NORFOLK SOUTHERN.—C. L. Evans, assistant to senior vice president, appointed assistant to president, Raleigh, N.C.

READING.—Harry K. Yentzer, real estate agent, named assistant director of real estate-leases, Philadelphia.

RICHMOND, FREDERICKSBURG & POTOMAC.—William F. Michie, Jr., appointed assistant manager freight sales, Richmond, Va.

ROCK ISLAND.—Bruce C. Spitzer appointed assistant general attorney, Chicago.

ROCK ISLAND MOTOR TRANSIT CO.—Russell E. Snider, director of labor relations and safety, named vice president of labor relations and safety, with headquarters in Des Moines, Iowa.

SANTA FE.—W.E. Willingham, vice president and general auditor, retires Dec. 31 after more than 44 years' service. He will also retire as controller, **Santa Fe Industries.**

W.J. Taylor, assistant general auditor, appointed vice president and general auditor as well as assistant controller-transportation, **SFI. Frank Bregar,** assistant general auditor of the railway and senior assistant controller, SFI, named vice president and controller, **SFI, George E. Wasko,** the railway's assistant treasurer and assistant secretary, New York, retired Nov. 30 after more than 50 years' service.

SEABOARD COAST LINE.—N.M. Langhorne, Jr., regional sales manager, Augusta Ga., apponted sales manager, Richmond, Va. **J.H. Fryar, Jr.,** regional sales manager, Wilmington, N.C., succeeds Mr. Langhorne. **J.T. Kelley, Jr.,** appointed assistant regional sales manager, Norfolk, Va. **R.L. Cleveland** and **W.H. Griffin** named district sales managers at Raleigh, N.C., and Wilmington, respectively.

SEATRAIN LINES.—Thomas F. Cermack, vice president of intermodal marketing, Weehawken, N.J., appointed vice president-corporate marketing. He will act as executive assistant to **William O. Gohlke,** senior vice president-marketing.

UNITED STATES FREIGHT CO.—Frederic N. Melius, Jr., president since 1966 and a member of the board of directors and executive committee since 1939, will retire Dec. 31. He will continue as a member of the board. **G. Russell Moir,** chairman, will assume the additional title of president on Jan. 1, 1973.

OBITUARY

John Knight, 85, retired chief regional engineer, **Baltimore & Ohio,** died Dec. 4 in South Suburban Hospital, Hazel Crest, Ill.

W. Edward Rachels, 64, manager of public relations and advertising, **Seaboard Coast Line,** died Dec. 10 at Richmond, Va.

Carl F. Rank, 78, retired manager of the mail, express and baggage department, **Milwaukee,** died Dec. 3 at Northwest Community Hospital, Chicago.

Rugged, mountainous terrain?

"No problem!" say users of over 200 ISCO/Cline rear dump haulers, working shift after shift in rough West Virginia mountains . . . and the Rockies. "They stay on the job because they're built to make the BIG hauls."

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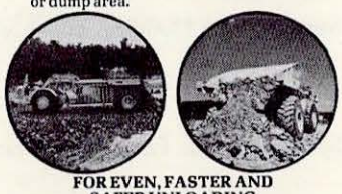

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Circle 13 on coupon page 37

Market Outlook

CARLOADINGS

Loadings of revenue freight in the week ended Dec. 9 totaled 516,523 cars, according to the Association of American Railroads. This was a decrease of 18,871 cars, or 3.5%, compared with the previous week, and an increase of 32,617 cars, or 6.7%, compared with the corresponding week last year. Ton-miles generated by carloadings in the week ended Dec. 9 are estimated at 15.7 billion, an increase of 7.0% above the corresponding week of 1971.

REVENUE FREIGHT CARLOADINGS

Commodity	Dec. 9 week	Dec. 2 week
Grain	33,723	33,235
Farm products	19,472	23,965
Metallic ores	31,796	35,141
Coal	85,616	88,906
Crushed stone, gravel & sand	23,468	24,921
Nonmetallic minerals	9,532	9,833
Grain mill products	20,394	19,949
Food and kindred products	25,217	25,749
Primary forest products	22,884	23,534
Lumber & wood products (except furniture)	15,433	17,239
Pulp, paper & allied products	22,402	23,904
Chemicals & allied products	26,309	26,514
Petroleum products	9,835	9,976
Stone, clay & glass products	18,457	19,584
Coke	7,814	8,479
Metals & products	24,306	24,894
Motor vehicles & equipment	28,401	28,374
Waste & scrap materials	15,732	14,991
Forwarder & shipper assn. traffic	6,469	6,452
All other carloads	68,904	70,021
LCL traffic	359	469
Total cars loaded	**516,523**	**536,130**
Cumulative total 49 weeks	1972	1971
	24,698,159	**23,984,633**
Estimated revenue ton-miles (billions) 49 weeks	738.8	700.5

PIGGYBACK LOADINGS

U.S. piggyback loadings for the week ended Dec. 2 totaled 27,583 cars (20.1% above the corresponding week last year) and 47,361 trailers or containers (up 25.0% from 1971). Cumulative volume for the first 48 weeks of 1972 is 1,228,246 cars (up 10.6% from last year) and 2,077,296 trailers or containers (up 14.1% from 1971).

IN CANADA

9 days ending	Tons of Revenue Freight	Cumulative Totals
Nov. 30, 1972	6,432,240	194,740,561
Nov. 30, 1971	5,461,102	195,652,695

CAPITAL EXPENDITURES

● *Santa Fe.*—Total capital-expenditures program for 1973 will approximate $125 million, up from an estimated $100 million in 1972. Equipment programs, previously announced, will account for $72 million (RA, Nov. 27, p. 69; Sept. 11, p. 99).

FREIGHT-TRAIN CARS

● *Union Pacific.*—Plans acquisition of 1,650 new freight cars in 1973. Orders will cover 300 100-ton open-top hopper cars; 400 100-ton covered hopper cars; 100 60-ft, 100-ton box cars; 100 60-ft, 70-ton box cars; 500 70-ton insulated box cars; 100 100-ton insulated box cars; 100 40-ft, 70-ton box cars; and 50 62-ft, 100-ton bulkhead flat cars. In addition, 500 50-ft stretched box cars will be constructed in company shops.

LOCOMOTIVES

● *Louisville & Nashville.*—Ordered 25 2,000-hp GP38 diesel-electric units from EMD and 20 2,250-hp U23B units from GE for delivery in first-quarter 1973.

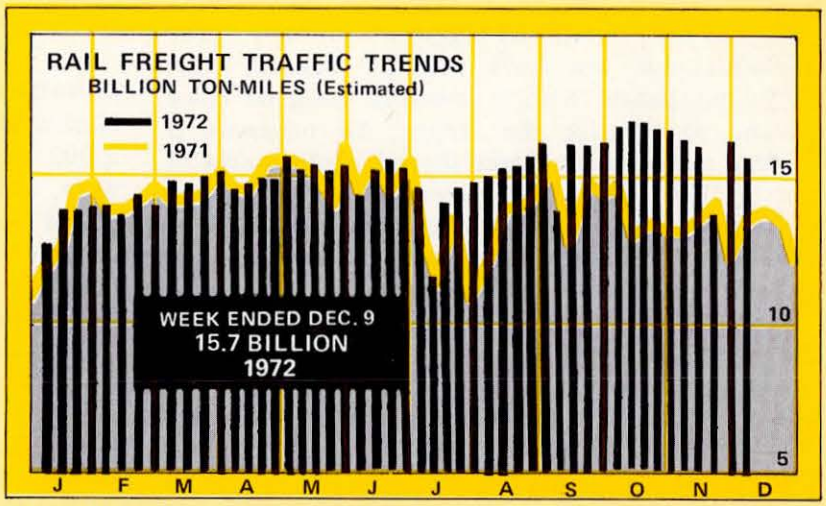
● *Union Pacific.*—Plans acquisition of 60, 3,000-hp diesel-electric units in 1973: 30 SD40-2 units from EMD and 30 U30C units from GE.

TRANSIT

● *New York City Transit Authority.*—WABCO's Union Switch & Signal Division has been awarded two contracts for signal equipment to be installed on NYCTA's rapid transit system. The contracts, totaling about $2,410,000, include new switch machines, signals and automatic train stops.

FOREIGN

● *Bolivia.*—The International Development Association, an affiliate of the World Bank, is providing an $8-million credit to Bolivia for an $11.6-million project to improve the country's railway system.



Source: Association of American Railroads

Moving Freight

VAN SLYKE SEES RAIL TRAFFIC GROWTH

Everybody agrees that the total transportation load will grow enormously over the next decade, says W.H. Van Slyke, executive director and chairman of the AAR's Car Service Division. This would mean significant growth in railroad traffic even if railroads only held on to their present share, he told the Marketing Forecast Committee of the American Railway Car Institute. But, Van Slyke added, various factors—such as national concern about air pollution, land use, fuel resources and safety—point to an increase in the railroad share. The catch, he warned, is that the industry must survive in the present to reach that share. "And it must change, modernize, streamline itself—gradually make itself ready for the expanding role it expects to play."

RATE SURCHARGE: WHEN?

Indications are that it will be after the first of 1973—and perhaps well into January—before the ICC gets a plea for a rate surcharge from western and southern railroads. One possible contributing factor in delaying a filing: With eastern roads refusing to go along, the petitioners will want to make doubly certain that supporting evidence fully justifies their proposal—even though it has already been noted that the proposed 2% surcharge would "fall far short" of producing enough revenue to offset increased costs.

GREAT DANE DELIVERS 25,000th TRAILER

The 25,000th piggyback trailer made by Great Dane Trailers has been delivered to Realco Services, Inc. Presentation of the historic unit was made by GDT President Brook Reeve, Jr. Robert E. Budorick, Realco president, accepted delivery of the trailer. "The trailer is a landmark not only for Realco as the world's largest piggyback supplier," Reeve said, "but also for the railroad piggyback industry." The 25,000th unit was built with pre-painted white aluminum panels with a specially designed color scheme to identify the trailer. All hardware is chrome plated to highlight the milestone status of the van. The trailer also features a panel mounted on the inside front bulkhead. Covered with a plastic sheet, the panel carries signatures on individual cards of the more than 300 Realco employees.

FOR FRISCO, IT'S "AVARD CALLING"

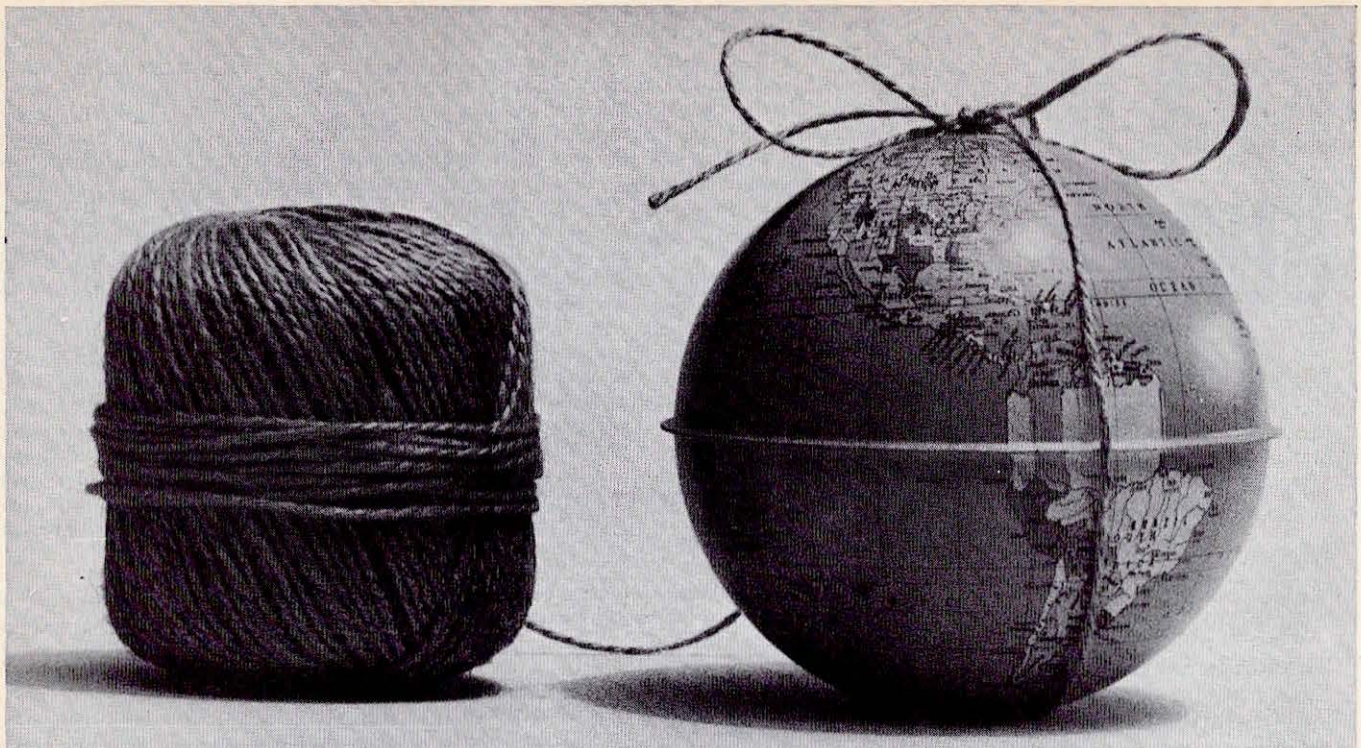
By sometime late next summer, transcontinental traffic moving via Frisco/Santa Fe may be operating through a different gateway, at Avard, Okla. Frisco is undertaking a substantial rebuilding and upgrading of its line between Tulsa and Avard, about 175 miles. President R.C. Grayson explains the gateway change this way: "For years, we've maintained a little-used interchange with Santa Fe at Avard. In years gone by, it was used chiefly as an interchange for passenger trains—and when it fell into disuse for that purpose, it had little value for us because we could get a larger share of transcontinental revenue by using another gateway. Today, however, the emphasis is on reliability, and the Avard gateway to Santa Fe's mainline to California will shorten the mileage and permit transcontinental schedules to be placed on a more reliable basis—thus making us eligible for a greater volume of traffic."

PC INTRODUCES SHIPPER NEWSLETTER

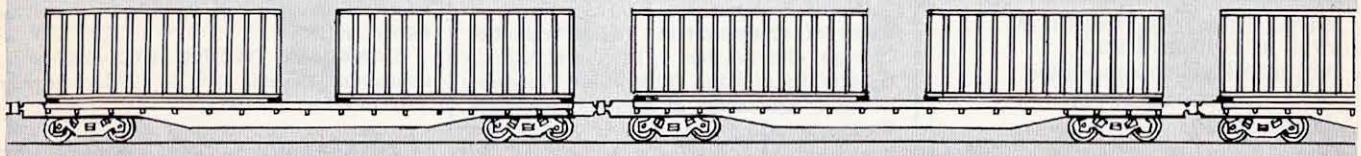
The first issue of "Penn Central Bulletin," a newsletter for shippers that will be published "periodically," went into the mails Dec. 15. Major items summarize the crew-size dispute and where it stands; and the reasons behind PC's application to the ICC for permission to abandon 51.5 miles of its flood-damaged Wilkes-Barre branch. Other items describe how a one-day saving in transit time for Canadian freight is made possible by new arrangements with Canadian and U.S. Customs; how PC's new monitoring system for grain cars is helping to maximize utilization of jumbo hoppers; the location of 362 new industries, temporary industries or expansions of existing industries during the first 10 months of 1972; improvement of service between Warren, Mich., and Elkhart, Ind; a new Flexi-Flo terminal at Philadelphia; and how food shippers are benefitting from PC's enlarged fleet of special-equipped food-products cars. The newsletter supplements the PC's employee publication, Penn Central Post, which comes out bi-monthly. The newsletter is put out by the sales and marketing department.

CANADA EXPANDS GRAIN CAR SUPPLY

Marine Industries of Quebec is delivering 500 of the 2,000 covered hopper cars for grain service which were ordered earlier this year by the Canadian Wheat Board. The cars were ordered by the Canadian Government to expedite the movement of grain to western Canada. Each is painted canary yellow and features two stylized sheaves of wheat in light brown, along with a gold maple leaf and the legend "Government of Canada" in English and French. The 100-ton cars are supplementing the 40- and 50-ton railroad-owned box cars which have traditionally handled the Canadian harvest.



string along with us... & we'll give you the world.



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INDUSTRIAL TRAFFIC

James J. Svoboda has been named manager-traffic and distribution, **American Oil Co.**, Chicago effective Jan. 1, 1973, and **David C. Warrington** will report to him as manager-traffic. **Paul R. Gary**, manager-rates and routing, and **Harlen W. Lashley**, manager-traffic operations, will report to Mr. Warrington. **Gerry E. Mayfield**, manager of traffic, retired.

Robert R. Sheridan, marine coordinator, general traffic department, **Morton Salt Co.**, Chicago, has been promoted to assistant regional traffic manager, Pacific region, Burlingame, Calif. In his new position, Mr. Sheridan will assist in supervising railroad and motor carrier rate and service matters.

Raymond T. Delicati, traffic manager, **Diamond Shamrock Chemical Co.**, Cleveland, has been appointed general manager of transportation and distribution.

Mrs. Helen Schloerke has been promoted to traffic manager, **Wisconsin Cuneo Press, Inc.**, Milwaukee, Wis.

Donald E. Weishaar has been named general traffic manager, **Alter Co.**, Davenport, Iowa. He was formerly freight rate specialist, **Illinois Department of Business and Economic Development**, Chicago.

Richard W. Szynal has been appointed traffic and transportation analyst, **Richardson Co.**, Melrose Park, Ill.

Eugene R. Knobel, general traffic manager, **Dayco Corp.**, Dayton, Ohio, has been appointed director of traffic and transportation. **Richard A. Thyne**, assistant general traffic manager, Allen Industries, a Dayco subsidiary, has been named manager of traffic and transportation operations for Dayco. **Leonard B. Tanksley** has been named manager of transportation pricing and research.

SUPPLY TRADE

Harry Peterson has been appointed director of transportation, **Trailer Train Co.**, Chicago, effective Jan. 1, 1973. Mr. Peterson is currently director, Information Processing Division, **Association of American Railroads**, Washington, D.C.

Dr. Thomas A. Vanderslice, a vice president of **General Electric Co.** has been promoted to group executive of the newly established Special Systems and Products Group, which includes the Transportation Systems Business Division at Erie, Pa. Mr. Vanderslice's headquarters are at 570 Lexington Avenue, New York, N.Y. 10022.

John M. Gleason appointed general sales manager, Transportation Division, **General American Transportation Corp. R.J. Perkins** named sales manager, freight cars, with responsibility for both sales and leases. **R.B. Hallman** succeeds Mr. Perkins as manager, Airslide sales, with responsibility for specialized covered hoppers.

Griffin Wheel Co., an operating unit of **AMSTED Industries**, is expanding its heat-treating facilities at its Bensenville, Ill., steel wheel plant northwest of Chicago. The project, which is scheduled for completion in mid-summer, 1973, will double the plant's capacity to produce heat-treated and quenched rim wheels.

Robert J. Slater, president, **Colorado & Wyoming**, Pueblo, Colo., has been elected vice president, **CF&I Steel Corp.**

Dr. Oscar J. Horger, vice president research and development, **Brenco, Inc.**, Petersburg, Va. resigned, effective Dec. 31, and will engage in consulting practice.

Gibbs & Hill, Inc., New York-based consulting engineering subsidiary of **Dravo Corp.**, has made the following appointments: **F.L. Gilman**, engineering director, Transportation and Transmission Division; **J.L. Charney**, assistant chief electrical engineer; **O.G. Dellacanonica**, assistant chief transportation engineer; and **H.H. Dugan**, assistant chief structural engineer.

David G. Thomas, assistant manager of engineering and research, **Lord Kinematics, Lord Corp.**, Erie, Pa. has been named manager, engineering and research division.

William J. Walker has been appointed director of Transportation Systems operations, Aerospace Systems Division, **Bendix Corp.**, Ann Arbor, Mich. Mr. Walker was formerly manager of markets and engineering at **WABCO Monorail**, recently acquired by **Rohr Monorail Systems** Wildwood, N.J.

Robert L. Sivon has been elected to the newly created post of vice president-manufacturing, **True Temper Corp.**, Cleveland.

K.C. Langtry has been appointed sales manager, railway and power products, Diesel Division, **General Motors of Canada Limited**, London, Ont. He was formerly service manager for railway and transit products.

DIVIDENDS DECLARED

BURLINGTON NORTHERN.—37½ cents, quarterly, payable Feb. 9, 1973 to holders of record Jan. 12.

CANADIAN PACIFIC LTD.—38 cents, semiannual, payable Jan. 29, 1973, to holders of record Dec. 27, 1972.

CHESAPEAKE & OHIO.—75 cents, paid Dec. 20 to holders of record Dec. 1.

CHICAGO & EASTERN ILLINOIS.—10 cents, paid Nov. 30 to holders of record Nov. 15.

MISSOURI PACIFIC.—Class A, $1.25, quarterly, payable Dec. 27 to holders of record Dec. 18.

PITTSBURGH & LAKE ERIE.—$1.50, quarterly, payable Jan. 12, 1973, to holders of record Dec. 27.

RICHMOND, FREDERICKSBURG & POTOMAC.—Common and Dividend Obligations $2.35; 6% and 7% Gtd $2.35, all payable Dec. 29 to holders of record Dec. 15.

SOUTHERN PACIFIC.—54 cents, quarterly, paid Dec. 11 to holders of record Nov. 24.

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Viewpoint

1972: Not the best, but far from the worst

When it comes time to write The Christmas Editorial, the man assigned to this thankless task more often than not dips into Dickens for a theme. Opinion in our own shop this year was just about equally divided between "Bah, humbug!" (the judgment of our office pessimists on the year just ending) and "God bless us everyone" (the optimists' hopeful view of 1973). Hewing the middle line, we have opted for another over-used, but still useful, Dickens quote: "It was the best of times, it was the worst of times. . ."

Actually, while 1972 was certainly not the best of times for railroads, it was just as certainly not the worst. The seasonal search for tidings of comfort, if not precisely joy, turns up a number of items which railroad critics will do well to meditate upon after they have digested the morning's rations of gloom and doom headlines.

Despite all their well-publicized troubles, and over-publicized service failures, the railroads in 1972 nonetheless produced more ton-miles of service than ever before in their history—nearly 780 billion, by the AAR's mid-December estimate, an increase of more than 5% over 1971's 740 billion ton-miles. The previous record, 768 billion, was set in 1969.

While the cost of operating railroads continued to rocket (due largely to two 5% wage increases which became effective during the year), revenues also advanced to a record $13.5 billion.

While the rate of return remained dangerously low on an industry-wide basis, it nonetheless went up slightly from 1971's 2.49% to a point just below 3%.

And while railroads again fell far short of their objective of plowing more than $3 billion a year into capital improvements, nonetheless a quite respectable $1.75 billion was spent for the purchase and lease of around 50,000 new freight cars and 1,300 locomotives and for improvements to roadway and plant.

There was also substantial progress on the labor front. The fireman-manning case, a source of bitter controversy since 1959, was settled. And all of the remaining four state full-crew laws were repealed.

At the same time, there were substantial improvements in operations, notably in the area of run-through trains. And freight-car utilization scored its largest gains in recent history.

The railroads failed to win, in 1972, the fairer deal that the Surface Transportation Act would have provided. But they did achieve an unprecedented degree of close cooperation with the other regulated surface modes which brought this legislation very close to passage this year, and seems to insure approval of its major provisions in the next Congress.

THE WISE AND THE FOOLISH

And now back to Dickens. The rest of that famous best-and-worst-of-times quote is not so famous. Part of it goes this way: ". . .it was the age of wisdom, the age of foolishness."

A major task for all in the difficult business of trying to solve this nation's transportation problems in 1973 will be learning to distinguish between what is wise, and what is merely expedient—and foolish.

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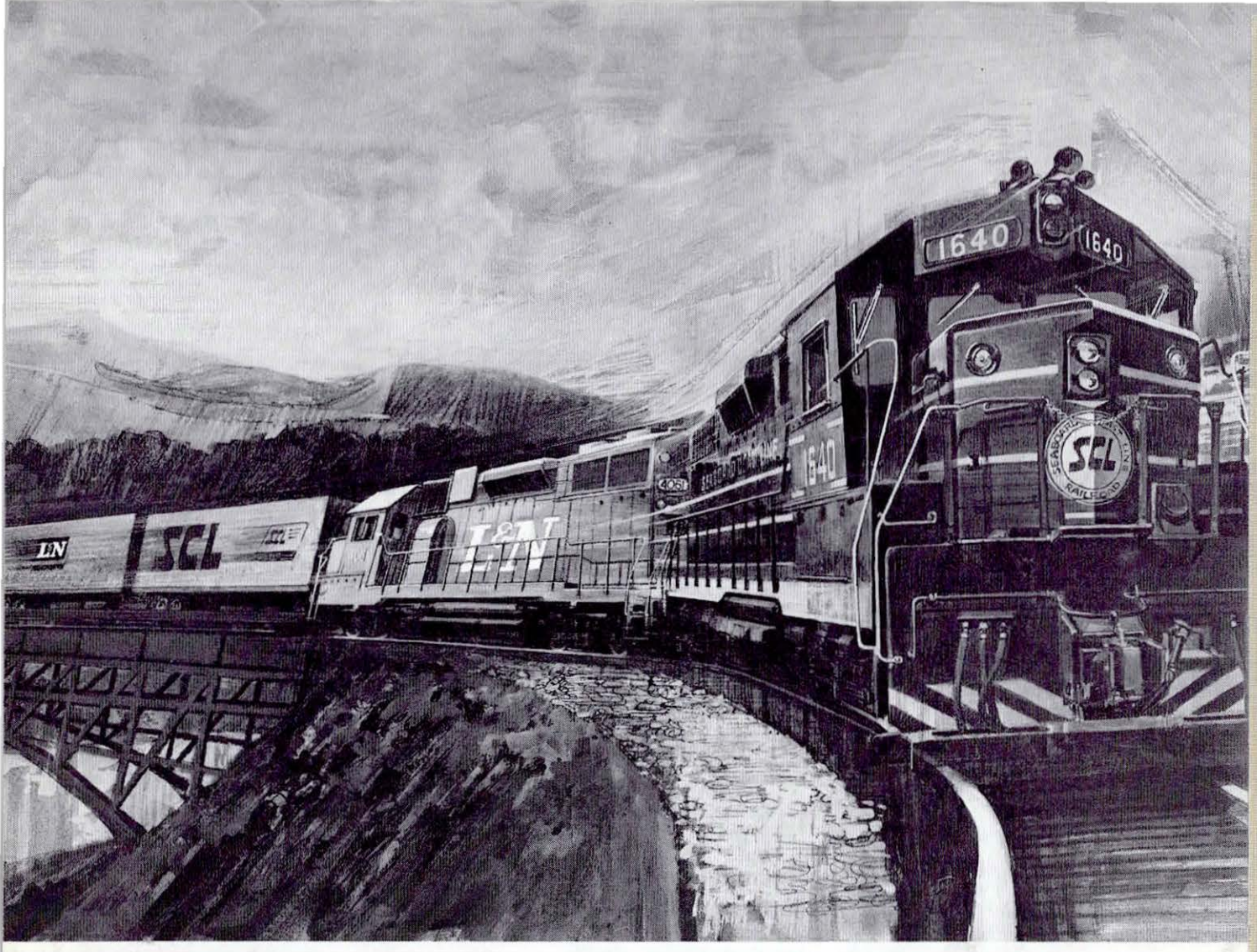

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